

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

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Net sales	\$447.9	\$412.7	\$1,389.1	\$1,248.4
Cost of goods sold	111.7	125.6	368.8	370.2
Gross profit	336.2	287.1	1,020.3	878.2
Selling, general and administrative expenses	167.8	165.5	527.4	479.0
Research and development expenses	73.8	61.7	216.4	185.6
Special charges	-	-	7.0	4.0
Interest income, net	(0.3)	-	(0.4)	(0.3)
Other expense (income), net	1.5	2.3	1.0	(5.1)
Income before provision for income taxes	93.4	57.6	268.9	215.0
Provision for income taxes	24.2	6.0	66.8	41.4
Net income	\$69.2	\$51.6	\$202.1	\$173.6

**Earnings per share:**

Basic	\$0.60	\$0.45	\$1.76	\$1.51
Diluted	\$0.58	\$0.43	\$1.71	\$1.45

**Weighted-average common shares outstanding:**

Basic	115.7	114.6	114.9	114.8
Diluted	119.0	119.0	118.4	119.8

**Operating Statistics**

As a percentage of net sales:

Gross profit	75.1%	69.6%	73.5%	70.3%
Selling, general and administrative expenses	37.5%	40.1%	38.0%	38.4%
Research and development expenses	16.5%	15.0%	15.6%	14.9%
Income before provision for income taxes	20.9%	14.0%	19.4%	17.2%
Net income	15.4%	12.5%	14.5%	13.9%
Effective tax rate	25.9%	10.4%	24.8%	19.3%

Note: Numbers may not calculate due to rounding.

**EDWARDS LIFESCIENCES CORPORATION**  
**Unaudited Balance Sheets**  
(in millions)

	<b>September 30, 2012</b>	<b>December 31, 2011</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$305.8	\$171.2
Short-term investments	316.7	279.3
Accounts and other receivables, net	325.4	320.7
Inventories, net	286.0	261.3
Deferred income taxes	42.4	43.9
Prepaid expenses	42.1	35.0
Other current assets	69.3	57.1
Total current assets	<u>1,387.7</u>	<u>1,168.5</u>
Long-term accounts receivable, net	9.7	24.6
Property, plant and equipment, net	328.7	304.3
Goodwill	349.8	349.8
Other intangible assets, net	59.6	66.9
Investments in unconsolidated affiliates	23.4	21.8
Deferred income taxes	10.9	20.0
Other assets	26.0	24.6
Total assets	<u><u>\$2,195.8</u></u>	<u><u>\$1,980.5</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	<u>\$298.6</u>	<u>\$335.2</u>
Long-term debt	<u>175.4</u>	<u>150.4</u>
Other long-term liabilities	<u>185.5</u>	<u>157.0</u>
<b>Stockholders' equity</b>		
Common stock	123.9	120.0
Additional paid-in capital	458.8	300.5
Retained earnings	1,562.8	1,360.7
Accumulated other comprehensive loss	(37.1)	(37.5)
Treasury stock, at cost	<u>(572.1)</u>	<u>(405.8)</u>
Total stockholders' equity	<u>1,536.3</u>	<u>1,337.9</u>
Total liabilities and stockholders' equity	<u><u>\$2,195.8</u></u>	<u><u>\$1,980.5</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 historical financial measures. The Company uses the term "underlying" when referring to non-GAAP sales information, which excludes discontinued and newly acquired products and foreign exchange fluctuations, and "excluding special items" to also exclude gains and losses from special items such as significant investments, litigation, and business development transactions. Guidance for sales and sales growth rates is provided on an "underlying basis", and projections for diluted earnings per share, gross profit margin, selling, general and administrative expenses ("SG&A"), research and development expenses ("R&D"), effective tax rate, net income and growth are also provided on the same non-GAAP (or "excluding special items") basis due to the inherent difficulty in forecasting such items. 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. 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. These non-GAAP financial measures are used in addition to and in conjunction with results presented in accordance with GAAP and reflect an additional way of viewing aspects of the Company's operations that, when viewed with the Company's GAAP results, provide a more complete understanding of factors and trends affecting the Company's business. These non-GAAP measures should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies. The Company is not able to provide a reconciliation of projected earnings per share, gross profit margin, SG&A, R&D, effective tax rate, net income and growth guidance, excluding special charges, to expected reported results due to the unknown effect, timing and potential significance of special charges or gains, and management's inability to forecast charges associated with future transactions and initiatives.

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

**Gross Profit** - In the second quarter of 2012, the Company increased its non-GAAP gross profit by \$8.1 million to exclude the impact of its voluntary recall of certain heart valves and Critical Care catheters. Given the magnitude and unusual nature of this adjustment relative to the operating results for the period presented, the financial impact of the recall has been excluded from non-GAAP net income.

**Special Charges** - The Company incurred certain special charges in 2012 and 2011 related to the following:

- 1) *Licensing of Intellectual Property*: \$7.0 million charge in the second quarter of 2012 for the upfront licensing and royalty fees related to the licensing of intellectual property;
- 2) *European receivables reserve*: \$4.0 million charge in the second quarter of 2011 to reflect the increased risk associated with the Company's European sovereign debt receivables.

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

**Provision For Income Taxes** - During the first quarter of 2012, the Company recorded a \$2.3 million tax benefit due to the remeasurement of its uncertain tax positions. During the second and third quarters of 2011, the Company recorded a \$2.5 million and \$6.9 million tax benefit, respectively, related to a ruling made by tax authorities in Switzerland. Given the magnitude and unusual nature of the tax events relative to the periods presented, they have been excluded from non-GAAP net income and earnings per share.

**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**  
**Unaudited Reconciliation of GAAP to Non-GAAP Financial Information**

**GAAP TO NON-GAAP NET INCOME TABLE**

(in millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
<b>GAAP Net Income</b>	\$69.2	\$51.6	\$202.1	\$173.6
<b>Reconciling items:</b> <sup>(A)</sup>				
<b>Gross profit</b>				
Recall of heart valves and catheters	-	-	8.1	-
<b>Special charges</b>				
1) Licensing of intellectual property	-	-	7.0	-
2) European receivables	-	-	-	4.0
<b>Provision for income taxes</b>				
Tax effect on non-GAAP adjustments <sup>(B)</sup>	-	-	(3.4)	(0.4)
Remeasurement of uncertain tax position reserve	-	-	(2.3)	-
Tax rulings and settlements	-	(6.9)	-	(9.4)
Total	-	(6.9)	(5.7)	(9.8)
<b>Non-GAAP Net Income</b>	<b>\$69.2</b>	<b>\$44.7</b>	<b>\$211.5</b>	<b>\$167.8</b>

**GAAP TO NON-GAAP EARNINGS PER SHARE TABLE**

<b>GAAP Earnings Per Share</b>	\$0.58	\$0.43	\$1.71	\$1.45
<b>Reconciling items:</b> <sup>(A)(C)</sup>				
<b>Gross profit</b>				
Recall of heart valves and catheters	-	-	0.06	-
<b>Special charges</b>				
1) Licensing of intellectual property	-	-	0.04	-
2) European receivables	-	-	-	0.03
<b>Provision for income taxes</b>				
Remeasurement of uncertain tax position reserve	-	-	(0.02)	-
Tax rulings and settlements	-	(0.05)	-	(0.08)
<b>Non-GAAP Earnings Per Share</b>	<b>\$0.58</b>	<b>\$0.38</b>	<b>\$1.79</b>	<b>\$1.40</b>

Note: Numbers may not calculate due to rounding.

(A) See description of "Gross Profit," "Special Charges" and "Provision For Income Taxes" on the Non-GAAP Financial Information page.

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

(C) All amounts are tax effected, calculated using the relevant tax jurisdictions' statutory tax rates.

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

**GAAP TO NON-GAAP GROSS PROFIT TABLE**

	<b>Three Months Ended September 30, 2012</b>	<b>Nine Months Ended September 30, 2012</b>
<b>GAAP Gross Profit</b>	75.1%	73.5%
<u>Reconciling item:</u> <sup>(A)</sup>		
Recall of heart valves and catheters	-	0.5%
<b>Non-GAAP Gross Profit</b>	<b>75.1%</b>	<b>74.0%</b>

Note: Numbers may not calculate due to rounding.

(A) See description of "Gross Profit" on the Non-GAAP Financial Information page.

**EDWARDS LIFESCIENCES CORPORATION**  
**Unaudited Reconciliation of GAAP to Non-GAAP Tax Rate**

**GAAP TO NON-GAAP TAX RATE TABLE**

	<b>Three Months Ended September 30, 2012</b>	<b>Nine Months Ended September 30, 2012</b>
<b>GAAP Tax Rate</b>	<b>25.9%</b>	<b>24.8%</b>
<u>Reconciling items:</u> <sup>(A)</sup>		
<b>Gross profit</b>		
Recall of heart valves and catheters	-	(0.4) pts
<b>Special charges</b>		
Licensing of intellectual property	-	0.3 pts
<b>Provision for income taxes</b>		
Remeasurement of uncertain tax position reserve	-	0.8 pts
<b>Non-GAAP Tax Rate</b>	<b>25.9%</b>	<b>25.5%</b>

(A) See description of "Gross Profit," "Special Charges" and "Provision For Income Taxes" on the Non-GAAP Financial Information page.

**EDWARDS LIFESCIENCES CORPORATION**
**Unaudited Reconciliation of Sales by Product Line and Region**

(\$ in millions)

Sales by Product Line (QTD)	3Q 2012	3Q 2011	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 159.7	\$ 163.5	\$ (3.8)	(2.3%)
Cardiac Surgery Systems	26.0	26.9	(0.9)	(3.5%)
<b>Total Surgical Heart Valve Therapy</b>	<b>185.7</b>	<b>190.4</b>	<b>(4.7)</b>	<b>(2.5%)</b>
<b>Transcatheter Heart Valves</b>	<b>123.8</b>	<b>82.6</b>	<b>41.2</b>	<b>49.9%</b>
Critical Care	125.6	126.7	(1.1)	(0.9%)
Vascular	12.8	13.0	(0.2)	(1.9%)
<b>Total Critical Care</b>	<b>138.4</b>	<b>139.7</b>	<b>(1.3)</b>	<b>(1.0%)</b>
<b>Total Sales</b>	<b>\$ 447.9</b>	<b>\$ 412.7</b>	<b>\$ 35.2</b>	<b>8.5%</b>

2011 Adjusted		
FX Impact	3Q 2011 Underlying Sales	Underlying Growth Rate *
\$ (6.6)	\$ 156.9	1.7%
(1.0)	25.9	0.4%
<b>(7.6)</b>	<b>182.8</b>	<b>1.5%</b>
<b>(7.7)</b>	<b>74.9</b>	<b>65.5%</b>
(4.1)	122.6	2.5%
(0.4)	12.6	2.0%
<b>(4.5)</b>	<b>135.2</b>	<b>2.4%</b>
<b>\$ (19.8)</b>	<b>\$ 392.9</b>	<b>14.3%</b>

Sales by Product Line (YTD)	YTD 3Q 2012	YTD 3Q 2011	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 507.5	\$ 513.5	\$ (6.0)	(1.2%)
Cardiac Surgery Systems	82.3	80.3	2.0	2.5%
<b>Total Surgical Heart Valve Therapy</b>	<b>589.8</b>	<b>593.8</b>	<b>(4.0)</b>	<b>(0.7%)</b>
<b>Transcatheter Heart Valves</b>	<b>391.1</b>	<b>240.6</b>	<b>150.5</b>	<b>62.5%</b>
Critical Care	370.4	375.0	(4.6)	(1.2%)
Vascular	37.8	39.0	(1.2)	(3.0%)
<b>Total Critical Care</b>	<b>408.2</b>	<b>414.0</b>	<b>(5.8)</b>	<b>(1.4%)</b>
<b>Total Sales</b>	<b>\$ 1,389.1</b>	<b>\$ 1,248.4</b>	<b>\$ 140.7</b>	<b>11.3%</b>

2011 Adjusted		
FX Impact	YTD 3Q 2011 Underlying Sales	Underlying Growth Rate *
\$ (10.4)	\$ 503.1	0.9%
(1.7)	78.6	4.7%
<b>(12.1)</b>	<b>581.7</b>	<b>1.4%</b>
<b>(14.4)</b>	<b>226.2</b>	<b>72.9%</b>
(6.2)	368.8	0.4%
(0.8)	38.2	(0.9%)
<b>(7.0)</b>	<b>407.0</b>	<b>0.3%</b>
<b>\$ (33.5)</b>	<b>\$ 1,214.9</b>	<b>14.5%</b>

Sales by Region (QTD)	3Q 2012	3Q 2011	Change	GAAP Growth Rate*
<b>United States</b>	<b>\$ 193.6</b>	<b>\$ 150.5</b>	<b>\$ 43.1</b>	<b>28.5%</b>
Europe	121.8	139.1	(17.3)	(12.5%)
Japan	71.8	67.8	4.0	6.0%
Rest of World	60.7	55.3	5.4	9.8%
<b>International</b>	<b>254.3</b>	<b>262.2</b>	<b>(7.9)</b>	<b>(3.0%)</b>
<b>Total</b>	<b>\$ 447.9</b>	<b>\$ 412.7</b>	<b>\$ 35.2</b>	<b>8.5%</b>

Sales by Region (YTD)	YTD 3Q 2012	YTD 3Q 2011	Change	GAAP Growth Rate*
<b>United States</b>	<b>\$ 587.2</b>	<b>\$ 450.9</b>	<b>\$ 136.3</b>	<b>30.2%</b>
Europe	417.1	430.3	(13.2)	(3.1%)
Japan	214.9	206.9	8.0	3.9%
Rest of World	169.9	160.3	9.6	6.0%
<b>International</b>	<b>801.9</b>	<b>797.5</b>	<b>4.4</b>	<b>0.6%</b>
<b>Total</b>	<b>\$ 1,389.1</b>	<b>\$ 1,248.4</b>	<b>\$ 140.7</b>	<b>11.3%</b>

\* Numbers may not calculate due to rounding.