

EDWARDS LIFESCIENCES CORPORATION
Unaudited Consolidated Statements of Operations

(in millions, except per share data)	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2009	2008	2009	2008
Net sales	\$346.7	\$309.7	\$1,321.4	\$1,237.7
Cost of goods sold	101.7	98.8	399.1	419.6
Gross profit	245.0	210.9	922.3	818.1
Selling, general and administrative expenses	132.3	120.2	508.8	480.6
Research and development expenses	48.3	35.8	175.5	139.2
Special charges (gains), net	3.7	15.8	(63.8)	25.1
Interest expense, net	0.2	0.7	1.1	1.1
Other (income) expense, net	(1.9)	4.4	(3.7)	7.7
Income before provision for income taxes	62.4	34.0	304.4	164.4
Provision (benefit) for income taxes	14.8	(4.1)	75.3	35.5
Net income	\$47.6	\$38.1	\$229.1	\$128.9

Earnings per share:

Basic earnings per share	\$0.84	\$0.68	\$4.07	\$2.31
Diluted earnings per share	\$0.80	\$0.66	\$3.90	\$2.19

Weighted average common shares outstanding:

Basic	56.6	55.8	56.3	55.8
Diluted	59.4	58.0	58.7	59.6

Operating Statistics

As a percentage of net sales:

Gross profit	70.7%	68.1%	69.8%	66.1%
Selling, general and administrative expenses	38.2%	38.8%	38.5%	38.8%
Research and development expenses	13.9%	11.6%	13.3%	11.2%
Income before provision for income taxes	18.0%	11.0%	23.0%	13.3%
Net income	13.7%	12.3%	17.3%	10.4%
Effective tax rate	23.7%	(12.1%)	24.7%	21.6%

Computation of Diluted Earnings per Share

Net income	\$47.6	\$38.1	\$229.1	\$128.9
Adjustment for convertible debt interest expense	-	-	-	1.7
Adjusted net income	\$47.6	\$38.1	\$229.1	\$130.6
Weighted-average common shares outstanding used to calculate diluted earnings per share excluding convertible debt	59.4	58.0	58.7	58.4
Weighted-average common shares outstanding for the convertible debt	-	-	-	1.2
Weighted-average common shares outstanding used to calculate diluted earnings per share including the convertible debt	59.4	58.0	58.7	59.6
Diluted earnings per share including the convertible debt	\$0.80	\$0.66	\$3.90	\$2.19

Note: Numbers may not calculate due to rounding

EDWARDS LIFESCIENCES CORPORATION**Unaudited Balance Sheets**

(in millions)

	December 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$334.1	\$218.7
Short-term investments	-	8.1
Accounts and other receivables, net (1)	272.1	204.7
Inventories, net	165.9	151.8
Deferred income taxes	48.3	42.4
Prepaid expenses	33.7	30.7
Other current assets	35.1	35.5
Total current assets	<u>889.2</u>	<u>691.9</u>
Property, plant and equipment, net	252.0	230.1
Goodwill	315.2	315.7
Other intangible assets, net	86.7	96.9
Investments in unconsolidated affiliates	22.3	14.7
Deferred income taxes	37.1	37.7
Other assets	13.0	13.2
Total assets	<u><u>\$1,615.5</u></u>	<u><u>\$1,400.2</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$290.5	\$258.5
Long-term debt	90.3	175.5
Other long-term liabilities	76.8	87.4
Stockholders' equity		
Common stock	76.1	73.7
Additional contributed capital	1,056.0	940.4
Retained earnings	906.0	676.9
Accumulated other comprehensive loss	(7.9)	(35.4)
Common stock in treasury, at cost	(872.3)	(776.8)
Total stockholders' equity	<u>1,157.9</u>	<u>878.8</u>
Total liabilities and stockholders' equity	<u><u>\$1,615.5</u></u>	<u><u>\$1,400.2</u></u>

(1) The Company terminated its securitization program in Japan in February 2009. As a result, "Accounts and other receivables, net" increased \$45.7 million.

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 (or "underlying") 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:

Gross Profit - In the fourth quarter of 2008, the Company increased by \$4.7 million its non-GAAP gross profit to exclude the impact of its voluntary retrieval of certain ring repair products pending clearance of its 510k application submission from the Food and Drug Administration. Upon the return of most of these ring repair products to customers in the second quarter of 2009, the Company excluded the \$4.1 million impact from its non-GAAP gross profit. Given the magnitude and unusual nature of this adjustment relative to the operating results for the period presented, the financial impact of the retrieval has been excluded from non-GAAP net income.

Special Charges (Gains), net - The Company incurred certain special charges and gains in 2009 and 2008 related to the following:

- 1) *Adjustment to capitalized patent enforcement costs*: \$3.7 million charge in the fourth quarter of 2009 to reverse previously capitalized patent enforcement costs related to litigation for which success is no longer deemed probable; \$8.2 million charge in the fourth quarter of 2008 primarily for the reversal of previously capitalized patent enforcement costs related to patents not currently marketed by the Company;
- 2) *Milestone receipt and net gain on sale of assets*: \$43.6 million gain in the third quarter of 2009 and \$1.5 million charge in the second quarter of 2009 related to the sale of the hemofiltration product line; \$15.0 million gain in the third quarter of 2009, \$27.0 million gain in the first quarter of 2009, and \$23.0 million gain in the fourth quarter of 2008 for achieving milestones associated with the sale of the LifeStent product line; \$8.1 million net loss on the sale of the LifeStent product line in the first quarter of 2008;
- 3) *Charitable fund contribution*: \$15.0 million charge in the third quarter of 2009 for a charitable contribution to The Edwards Lifesciences Fund;
- 4) *Settlements and litigation*: \$3.8 million charge in the third quarter of 2009 for a litigation reserve; \$2.1 million charge for a litigation settlement in the first quarter of 2008; \$1.5 million gain in the fourth quarter of 2008 upon receiving an insurance settlement related to a fire which damaged certain inventory held at a third-party warehouse in Brazil;
- 5) *Investment impairment*: \$1.6 million charge in the third quarter of 2009 related to the impairment of an investment in an unconsolidated affiliate;
- 6) *Sale of distribution rights*: \$2.8 million gain in the first quarter of 2009 related to the sale of distribution rights in Europe of a specialty vascular graft;
- 7) *Reserve reversal*: \$1.0 million gain in the first quarter of 2009 resulting from completion of the Lifepath AAA clinical obligations;
- 8) *Acquisition of in-process technology and intellectual property*: \$19.5 million charge related to the acquisition of technology and intellectual property in the fourth quarter of 2008;
- 9) *DexCom collaboration agreement*: \$13.4 million charge in the fourth quarter of 2008 related to upfront licensing and collaboration fees required under the Company's collaboration agreement with DexCom, Inc.;
- 10) *Realignment expenses, net*: \$1.3 million charge for executive severance in the first quarter of 2008 associated with the Company's business realignment, offset by a \$1.4 million gain in the first quarter of 2008 from the reversal of previously accrued severance costs from the fourth quarter of 2007 related to the sale of the LifeStent product line; \$0.8 million gain in the second quarter of 2008 and a \$0.8 million gain in the fourth quarter of 2008 to reverse previously accrued severance costs related to a global realignment of resources.

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.

(Benefit) Provision for Income Taxes - The Company benefited from \$10.1 million of favorable audit settlements in the fourth quarter of 2008. Given the magnitude and unusual nature of the tax event relative to the periods presented, it has been excluded from non-GAAP net income.

Results of Discontinued and Other 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 addition, the impact on sales of the voluntary retrieval of Myxo and IMR ETlogix repair products in the fourth quarter of 2008 has been excluded. 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

(in millions, except per share data)	Three Months Ended December 31,		Year Ended December 31,	
	2009	2008	2009	2008
GAAP net income	\$47.6	\$38.1	\$229.1	\$128.9
<u>Reconciling items:</u>				
Gross profit				
Sale of ring repair products	-	4.7	(4.1)	4.7
Special charges (gains), net				
1) Adjustment to capitalized patent enforcement costs	3.7	8.2	3.7	8.2
2) Milestone receipt and net gain on sale of assets	-	(23.0)	(84.1)	(14.9)
3) Charitable fund contribution	-	-	15.0	-
4) Settlements and litigation	-	(1.5)	3.8	0.6
5) Investment impairment	-	-	1.6	-
6) Sale of distribution rights	-	-	(2.8)	-
7) Reserve reversal	-	-	(1.0)	-
8) Acquisition of in-process technology and intellectual property	-	19.5	-	19.5
9) DexCom collaboration agreement	-	13.4	-	13.4
10) Realignment expenses, net	-	(0.8)	-	(1.7)
Total special charges (gains), net	3.7	15.8	(63.8)	25.1
(Benefit) provision for income taxes				
Tax effect on non-GAAP adjustments (A)	(1.5)	(3.3)	17.8	1.7
Tax audit settlements	-	(10.1)	-	(10.1)
Total (benefit) provision for income taxes, net	(1.5)	(13.4)	17.8	(8.4)
Non-GAAP net income	\$49.8	\$45.2	\$179.0	\$150.3
Non-GAAP earnings per share:				
Basic non-GAAP earnings per share	\$0.88	\$0.81	\$3.18	\$2.69
Diluted non-GAAP earnings per share (B)	\$0.84	\$0.78	\$3.05	\$2.55
Non-GAAP weighted average shares outstanding:				
Basic	56.6	55.8	56.3	55.8
Diluted	59.4	58.0	58.7	59.6

Notes 1 - 10: See description of "Special charges (gains), 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 for 2008 was calculated by adding back to net income \$1.7 million for the full year in interest expense related to previous convertible debt, then dividing by the weighted-average diluted shares outstanding. The convertible debt was redeemed in June 2008.

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)	4Q 2009	4Q 2008	Change	GAAP Growth Rate	2009 Adjusted		2008 Adjusted			Underlying Growth Rate *
					Discontinued/ Other Product Line Impact	4Q 2009 Underlying Sales	Discontinued/ Other Product Line Impact	FX Impact	4Q 2008 Underlying Sales	
Heart Valve Therapy	\$ 188.3	\$ 149.7	\$ 38.6	25.8%	\$ (0.1)	\$ 188.2	\$ 4.4	\$ 8.8	\$ 162.9	15.4%
Critical Care	120.8	118.2	2.6	2.2%	-	120.8	(11.3)	5.9	112.8	7.2%
Cardiac Surgery Systems	23.9	22.9	1.0	4.4%	-	23.9	-	1.2	24.1	(0.9%)
Vascular	13.7	18.9	(5.2)	(27.5%)	(0.4)	13.3	(5.3)	0.7	14.3	(7.9%)
Total Sales	\$ 346.7	\$ 309.7	\$ 37.0	11.9%	\$ (0.5)	\$ 346.2	\$ (12.2)	\$ 16.6	\$ 314.1	10.2%

Sales by Product Line (YTD)	YTD 4Q 2009	YTD 4Q 2008	Change	GAAP Growth Rate	2009 Adjusted		2008 Adjusted			Underlying Growth Rate *
					Discontinued/ Other Product Line Impact	YTD 2009 Underlying Sales	Discontinued/ Other Product Line Impact	FX Impact	YTD 2008 Underlying Sales	
Heart Valve Therapy	\$ 714.9	\$ 607.4	\$ 107.5	17.7%	\$ (4.3)	\$ 710.6	\$ 4.2	\$ (8.6)	\$ 603.0	17.8%
Critical Care	452.5	451.8	0.7	0.2%	-	452.5	(16.2)	(4.1)	431.5	4.9%
Cardiac Surgery Systems	92.8	89.2	3.6	4.0%	(0.1)	92.7	(0.2)	(1.1)	87.9	5.5%
Vascular	61.2	89.3	(28.1)	(31.5%)	(8.2)	53.0	(32.3)	(1.4)	55.6	(5.3%)
Total Sales	\$ 1,321.4	\$ 1,237.7	\$ 83.7	6.8%	\$ (12.6)	\$ 1,308.8	\$ (44.5)	\$ (15.2)	\$ 1,178.0	11.1%

Sales by Region (QTD)	4Q 2009	4Q 2008	Change	GAAP Growth Rate
United States	\$ 140.7	\$ 132.8	\$ 7.9	5.9%
Europe	106.2	93.8	12.4	13.2%
Japan	59.7	50.8	8.9	17.5%
Rest of World	40.1	32.3	7.8	24.1%
International	206.0	176.9	29.1	16.4%
Total	\$ 346.7	\$ 309.7	\$ 37.0	11.9%

Sales by Region (YTD)	YTD 4Q 2009	YTD 4Q 2008	Change	GAAP Growth Rate
United States	\$ 556.1	\$ 543.6	\$ 12.5	2.3%
Europe	404.6	380.3	24.3	6.4%
Japan	214.1	176.5	37.6	21.3%
Rest of World	146.6	137.3	9.3	6.8%
International	765.3	694.1	71.2	10.3%
Total	\$ 1,321.4	\$ 1,237.7	\$ 83.7	6.8%

* Numbers may not calculate due to rounding.