

## 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 foreign exchange fluctuations, as well as adjustments for discontinued and acquired products and sales reserves associated with transcatheter heart valve ("THV") product upgrades, and "excluding special items" to also exclude gains and losses from special items such as significant investments, litigation, and business development transactions, and for 2012 to include the tax benefit for the U.S. Research and Development ("R&D") tax credit, which was required to be included in 2013. Those results that exclude the impact of foreign exchange and reflect "constant currency" are also non-GAAP financial measures. Guidance for sales and sales growth rates is provided on an "underlying basis," and projections for diluted earnings per share, net income and growth, gross profit margin, taxes and free cash flow 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 or adjustments as 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 its 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. A reconciliation of non-GAAP historical financial measures to the most comparable GAAP measure is provided in the tables below. The Company is not able to provide a reconciliation of projected net income and growth, free cash flow, and projected earnings per share guidance, excluding special items, 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 adjustments to the GAAP financial results in the reconciliations that follow:**

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

**THV Sales Return Reserve and Related Costs** - In the first quarter of 2014, the Company recorded a sales return reserve and related costs, primarily related to inventory reserves, of \$15.6 million related to estimated THV product returns expected upon introduction of next generation THV products.

**Intellectual Property Litigation Expense (Income), net** - The Company incurred intellectual property litigation expenses of \$5.5 million and \$5.5 million, in the first quarter of 2014 and 2013, respectively. In addition, in the first quarter of 2013, the Company recorded an \$83.6 million gain related to the April 2010 jury award from Medtronic of damages for infringement of the U.S. Andersen transcatheter heart valve patent.

**Special Charge** - The Company recorded a \$7.5 million special charge in the first quarter of 2014 to settle past and future obligations related to one of its intellectual property agreements.

**Provision for Income Taxes** - During the first quarter of 2013, the Company recorded an \$8.4 million income tax benefit relating to the federal R&D tax credit that was extended in 2013 retroactive to the beginning of 2012.

**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 Group and Region."

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

**RECONCILIATION OF GAAP TO NON-GAAP NET INCOME**

(in millions, except per share data)	Three Months Ended	
	March 31,	
	2014	2013
<b>GAAP Net Income</b>	\$60.3	\$143.9
<i>Growth Rate %</i>	(58.1%)	
<b>Non-GAAP adjustments:</b> <sup>(A)</sup>		
THV sales return reserve and related costs	15.6	-
Intellectual property litigation expense (income), net	5.5	(78.1)
Special charge	7.5	-
Provision for income taxes		
Tax effect on reconciling items <sup>(B)</sup>	(6.8)	29.3
Federal research and development tax credit	-	(8.4)
<b>Non-GAAP Net Income</b>	<b>\$82.1</b>	<b>\$86.7</b>
<i>Growth Rate %</i>	(5.3%)	

**RECONCILIATION OF GAAP TO NON-GAAP DILUTED EARNINGS PER SHARE**

<b>GAAP Diluted Earnings Per Share</b>	\$0.56	\$1.24
<i>Growth Rate %</i>	(54.8%)	
<b>Non-GAAP adjustments:</b> <sup>(A), (C)</sup>		
THV sales return reserve and related costs	\$0.10	-
Intellectual property litigation expense (income), net	0.04	(0.43)
Special charge	0.06	-
Provision for income taxes		
Federal research and development tax credit	-	(0.07)
<b>Non-GAAP Diluted Earnings Per Share</b>	<b>\$0.76</b>	<b>\$0.74</b>
<i>Growth Rate %</i>	2.7%	

Note: Numbers may not calculate due to rounding.

(A) See description of "Transcatheter Heart Valve ("THV") Sales Return Reserve and Related Costs," "Intellectual Property Litigation Expense (Income), net," "Special Charge," and "Provision for Income Taxes" on the Non-GAAP Financial Information page.

(B) The tax effect on non-GAAP adjustments is calculated based upon the impact of the relevant tax jurisdictions' statutory tax rates on the Company's estimated annual effective tax rate.

(C) All amounts are tax effected, calculated based upon the impact of the relevant tax jurisdictions' statutory tax rates on the Company's estimated annual effective tax rate.

**EDWARDS LIFESCIENCES CORPORATION****Unaudited Reconciliation of GAAP to Non-GAAP Tax Rate****RECONCILIATION OF GAAP TO NON-GAAP TAX RATE****Three Months Ended  
March 31, 2014**

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**GAAP Tax Rate** **22.0%****Non-GAAP adjustments:** <sup>(A)</sup>

THV sales return reserve and related costs	1.0 pts
Intellectual property litigation expense (income), net	0.6 pts
Special charge	(1.1) pts

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**Non-GAAP Tax Rate** **22.5%**

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(A) See description of "Transcatheter Heart Valve ("THV") Sales Return Reserve and Related Costs," "Intellectual Property Litigation Expense (Income), net" and "Special Charge" on the Non-GAAP Financial Information page.

**EDWARDS LIFESCIENCES CORPORATION**  
**Unaudited Reconciliation of Sales by Segments and Product Group**  
(\$ in millions)

<b>Sales by Segments (QTD)</b>	<b>1Q 2014</b>	<b>1Q 2013</b>	<b>Change</b>	<b>GAAP Growth Rate*</b>
<b>United States</b>	<b>\$ 222.4</b>	<b>\$ 227.9</b>	<b>\$ (5.5)</b>	<b>(2.4%)</b>
Europe	180.3	154.5	25.8	16.7%
Japan	58.7	60.0	(1.3)	(2.2%)
Rest of World	61.0	54.3	6.7	12.3%
<b>International</b>	<b>300.0</b>	<b>268.8</b>	<b>31.2</b>	<b>11.6%</b>
<b>Total</b>	<b>\$ 522.4</b>	<b>\$ 496.7</b>	<b>\$ 25.7</b>	<b>5.2%</b>

<b>Sales by Product Group (QTD)</b>	<b>1Q 2014</b>	<b>1Q 2013</b>	<b>Change</b>	<b>GAAP Growth Rate*</b>
<b>Surgical Heart Valve Therapy</b>	<b>\$ 202.6</b>	<b>\$ 198.1</b>	<b>\$ 4.5</b>	<b>2.3%</b>
<b>Transcatheter Heart Valves</b>	<b>189.2</b>	<b>169.7</b>	<b>19.5</b>	<b>11.5%</b>
<b>Critical Care</b>	<b>130.6</b>	<b>128.9</b>	<b>1.7</b>	<b>1.2%</b>
<b>Total Sales</b>	<b>\$ 522.4</b>	<b>\$ 496.7</b>	<b>\$ 25.7</b>	<b>5.2%</b>

<b>2014 Adjusted</b>		<b>2013 Adjusted</b>		
<b>Sales Return Reserve</b>	<b>1Q 2014 Underlying Sales</b>	<b>FX Impact</b>	<b>1Q 2013 Underlying Sales</b>	<b>Underlying Growth Rate *</b>
<b>\$ 7.1</b>	<b>\$ 229.5</b>	<b>\$ -</b>	<b>\$ 227.9</b>	<b>0.7%</b>
(1.0)	179.3	5.0	159.5	12.4%
-	58.7	(7.4)	52.6	11.7%
-	61.0	(3.8)	50.5	20.8%
<b>(1.0)</b>	<b>299.0</b>	<b>(6.2)</b>	<b>262.6</b>	<b>13.9%</b>
<b>\$ 6.1</b>	<b>\$ 528.5</b>	<b>\$ (6.2)</b>	<b>\$ 490.5</b>	<b>7.8%</b>

<b>2014 Adjusted</b>		<b>2013 Adjusted</b>		
<b>Sales Return Reserve</b>	<b>1Q 2014 Underlying Sales</b>	<b>FX Impact</b>	<b>1Q 2013 Underlying Sales</b>	<b>Underlying Growth Rate *</b>
<b>\$ -</b>	<b>\$ 202.6</b>	<b>\$ (3.8)</b>	<b>\$ 194.3</b>	<b>4.3%</b>
6.1	195.3	1.6	171.3	14.0%
-	130.6	(4.0)	124.9	4.6%
<b>\$ 6.1</b>	<b>\$ 528.5</b>	<b>\$ (6.2)</b>	<b>\$ 490.5</b>	<b>7.8%</b>

\* Numbers may not calculate due to rounding.