

EDWARDS LIFESCIENCES CORPORATION
Unaudited Consolidated Statements of Operations

Three Months Ended
March 31,

(in millions, except per share data)

	2012	2011
Net sales	\$459.2	\$404.5
Cost of goods sold	127.3	116.8
Gross profit	331.9	287.7
Selling, general and administrative expenses	177.2	150.3
Research and development expenses	68.6	59.0
Other expense (income), net	0.5	(6.2)
Income before provision for income taxes	85.6	84.6
Provision for income taxes	20.5	20.7
Net income	\$65.1	\$63.9

Earnings per share:

Basic	\$0.57	\$0.56
Diluted	\$0.55	\$0.53

Weighted-average common shares outstanding:

Basic	114.0	114.9
Diluted	118.0	120.5

Operating Statistics

As a percentage of net sales:		
Gross profit	72.3%	71.1%
Selling, general and administrative expenses	38.6%	37.2%
Research and development expenses	14.9%	14.6%
Income before provision for income taxes	18.6%	20.9%
Net income	14.2%	15.8%
Effective tax rate	23.9%	24.5%

Note: Numbers may not calculate due to rounding.

EDWARDS LIFESCIENCES CORPORATION**Unaudited Balance Sheets**

(in millions)

	<u>March 31,</u> <u>2012</u>	<u>December 31,</u> <u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$213.3	\$171.2
Short-term investments	196.2	279.3
Accounts and other receivables, net	346.7	320.7
Inventories, net	268.3	261.3
Deferred income taxes	31.6	43.9
Prepaid expenses	41.7	35.0
Other current assets	90.2	57.1
Total current assets	<u>1,188.0</u>	<u>1,168.5</u>
Long-term accounts receivable, net	21.4	24.6
Property, plant and equipment, net	308.2	304.3
Goodwill	349.8	349.8
Other intangible assets, net	65.1	66.9
Investments in unconsolidated affiliates	21.9	21.8
Deferred income taxes	24.0	20.0
Other assets	25.8	24.6
Total assets	<u><u>\$2,004.2</u></u>	<u><u>\$1,980.5</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$265.2</u>	<u>\$335.2</u>
Long-term debt	<u>179.4</u>	<u>150.4</u>
Other long-term liabilities	<u>169.3</u>	<u>157.0</u>
Stockholders' equity		
Common stock	121.1	120.0
Additional paid-in capital	363.3	300.5
Retained earnings	1,425.8	1,360.7
Accumulated other comprehensive loss	(24.6)	(37.5)
Treasury stock, at cost	(495.3)	(405.8)
Total stockholders' equity	<u>1,390.3</u>	<u>1,337.9</u>
Total liabilities and stockholders' equity	<u><u>\$2,004.2</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 is 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:

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. Given the magnitude and unusual nature of the tax event relative to the periods presented, it has 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 March 31,	
	2012	2011
GAAP net income	\$65.1	\$63.9
<u>Reconciling item:</u>		
Provision for income taxes		
Remeasurement of uncertain tax position reserve ^(A)	(2.3)	-
Non-GAAP net income	\$62.8	\$63.9

GAAP TO NON-GAAP EARNINGS PER SHARE TABLE

GAAP earnings per share	\$0.55	\$0.53
<u>Reconciling item:</u>		
Provision for income taxes		
Remeasurement of uncertain tax position reserve ^(A)	(0.02)	-
Non-GAAP earnings per share	\$0.53	\$0.53

Note: Numbers may not calculate due to rounding.

(A) See description of "Provision for Income Taxes" on the previous page.

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

**Three Months Ended
March 31, 2012**

GAAP Tax Rate	23.9%
<u>Reconciling item:</u> ^(A)	
Provision for income taxes	
Remeasurement of uncertain tax position reserve ^(A)	2.7 pts
<hr/> Non-GAAP Tax Rate	<hr/> 26.6%

(A) See description of "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)	1Q 2012	1Q 2011	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 176.0	\$ 172.2	\$ 3.8	2.2%
Cardiac Surgery Systems	27.6	26.1	1.5	5.5%
Total Surgical Heart Valve Therapy	203.6	198.3	5.3	2.7%
Transcatheter Heart Valves	121.5	72.7	48.8	67.2%
Critical Care	121.6	120.6	1.0	0.9%
Vascular	12.5	12.9	(0.4)	(3.3%)
Total Critical Care	134.1	133.5	0.6	0.5%
Total Sales	\$ 459.2	\$ 404.5	\$ 54.7	13.5%

2011 Adjusted		
FX Impact	1Q 2011 Underlying Sales	Underlying Growth Rate *
\$ 0.5	\$ 172.7	1.9%
0.1	26.2	5.4%
0.6	198.9	2.4%
(1.1)	71.6	69.6%
1.1	121.7	-
0.1	13.0	(3.7%)
1.2	134.7	(0.4%)
\$ 0.7	\$ 405.2	13.4%

Sales by Region (QTD)	1Q 2012	1Q 2011	Change	GAAP Growth Rate*
United States	\$ 186.6	\$ 149.1	\$ 37.5	25.2%
Europe	148.8	139.5	9.3	6.6%
Japan	70.8	69.3	1.5	2.3%
Rest of World	53.0	46.6	6.4	13.6%
International	272.6	255.4	17.2	6.7%
Total	\$ 459.2	\$ 404.5	\$ 54.7	13.5%

* Numbers may not calculate due to rounding.