

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

(in millions, except per share data)	Three Months Ended	
	March 31,	
	2010	2009
Net sales	\$340.5	\$313.5
Cost of goods sold	98.6	97.0
Gross profit	241.9	216.5
Selling, general and administrative expenses	134.0	121.9
Research and development expenses	45.2	39.9
Special gains	-	(30.8)
Interest expense, net	0.2	0.1
Other (income) expense, net	(3.0)	0.4
Income before provision for income taxes	65.5	85.0
Provision for income taxes	17.8	24.5
Net income	\$47.7	\$60.5

**Earnings per share:**

Basic earnings per share	\$0.84	\$1.08
Diluted earnings per share	\$0.80	\$1.03

**Weighted average common shares outstanding:**

Basic	56.6	56.0
Diluted	59.5	58.5

**Operating Statistics**

As a percentage of net sales:

Gross profit	71.0%	69.1%
Selling, general and administrative expenses	39.4%	38.9%
Research and development expenses	13.3%	12.7%
Income before provision for income taxes	19.2%	27.1%
Net income	14.0%	19.3%
Effective tax rate	27.2%	28.8%

Note: Numbers may not calculate due to rounding

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

	<b>March 31, 2010</b>	<b>December 31, 2009</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$321.2	\$334.1
Accounts and other receivables, net	278.6	272.1
Inventories, net	174.6	165.9
Deferred income taxes	42.7	48.3
Prepaid expenses	33.3	33.7
Other current assets	22.3	35.1
Total current assets	<u>872.7</u>	<u>889.2</u>
Property, plant and equipment, net	247.2	252.0
Goodwill	315.2	315.2
Other intangible assets, net	83.6	86.7
Investments in unconsolidated affiliates	21.9	22.3
Deferred income taxes	52.0	37.1
Other assets	11.8	13.0
Total assets	<u><u>\$1,604.4</u></u>	<u><u>\$1,615.5</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Accounts payable and accrued liabilities	\$242.2	\$290.5
Long-term debt	129.3	90.3
Other long-term liabilities	81.4	76.8
<b>Stockholders' equity</b>		
Common stock	77.2	76.1
Additional contributed capital	1,115.8	1,056.0
Retained earnings	953.7	906.0
Accumulated other comprehensive loss	(24.9)	(7.9)
Common stock in treasury, at cost	(970.3)	(872.3)
Total stockholders' equity	<u>1,151.5</u>	<u>1,157.9</u>
Total liabilities and stockholders' equity	<u><u>\$1,604.4</u></u>	<u><u>\$1,615.5</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 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:**

**Special Gains** - The Company incurred certain special gains in 2009 related to the following:

- 1) *Milestone receipt*: \$27.0 million gain in the first quarter of 2009 for achieving a milestone associated with the sale of the LifeStent product line;
- 2) *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;
- 3) *Reserve reversal*: \$1.0 million gain in the first quarter of 2009 resulting from completion of the Lifepath AAA clinical obligations.

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 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 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	
	March 31,	
	2010	2009
<b>GAAP net income</b>	\$47.7	\$60.5
<u>Reconciling items:</u>		
<b>Special gains (A)</b>		
1) Milestone receipt	-	(27.0)
2) Sale of distribution rights	-	(2.8)
3) Reserve reversal	-	(1.0)
Total special gains	-	(30.8)
<b>Provision for income taxes</b>		
Tax effect on non-GAAP adjustments (B)	-	11.3
Total provision for income taxes	-	11.3
<b>Non-GAAP net income</b>	\$47.7	\$41.0
<b><u>Non-GAAP earnings per share:</u></b>		
Basic non-GAAP earnings per share	\$0.84	\$0.73
Diluted non-GAAP earnings per share	\$0.80	\$0.70
<b><u>Non-GAAP weighted average shares outstanding:</u></b>		
Basic	56.6	56.0
Diluted	59.5	58.5

(A) See description of "Special gains" on the previous page.

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

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 2010	1Q 2009	Change	GAAP Growth Rate	2010 Adjusted		2009 Adjusted			Underlying Growth Rate *
					Discontinued/Other Product Line Impact	1Q 2010 Underlying Sales	Discontinued/Other Product Line Impact	FX Impact	1Q 2009 Underlying Sales	
Heart Valve Therapy	\$ 196.7	\$ 170.4	\$ 26.3	15.4%	\$ -	\$ 196.7	\$ (0.1)	\$ 5.9	\$ 176.2	11.6%
Critical Care	105.1	104.5	0.6	0.6%	-	105.1	(9.8)	3.6	98.3	6.9%
Cardiac Surgery Systems	24.8	22.5	2.3	10.2%	-	24.8	-	0.6	23.1	7.4%
Vascular	13.9	16.1	(2.2)	(13.7%)	-	13.9	(3.0)	0.6	13.7	1.3%
<b>Total Sales</b>	<b>\$ 340.5</b>	<b>\$ 313.5</b>	<b>\$ 27.0</b>	<b>8.6%</b>	<b>\$ -</b>	<b>\$ 340.5</b>	<b>\$ (12.9)</b>	<b>\$ 10.7</b>	<b>\$ 311.3</b>	<b>9.4%</b>

Sales by Region (QTD)	1Q 2010	1Q 2009	Change	GAAP Growth Rate
United States	\$ 138.3	\$ 134.9	\$ 3.4	2.5%
Europe	107.7	98.8	8.9	9.0%
Japan	56.0	49.4	6.6	13.4%
Rest of World	38.5	30.4	8.1	26.6%
<b>International</b>	<b>202.2</b>	<b>178.6</b>	<b>23.6</b>	<b>13.2%</b>
<b>Total</b>	<b>\$ 340.5</b>	<b>\$ 313.5</b>	<b>\$ 27.0</b>	<b>8.6%</b>

\* Numbers may not calculate due to rounding.