

Change in Accounting Policy

- On April 24, 2014, Edwards announced a change in its accounting policy for its litigation expenses related to Intellectual Property (IP).
- Previously, litigation costs related to protecting Edwards' IP were capitalized and amortized over the life of the related IP if a favorable outcome in the patent defense was determined to be probable.
- Effective January 1, 2014, these costs are being expensed as incurred.
- Both the former and current policy are in accordance with GAAP. However, Edwards believes this change in accounting principle is preferable because:
 - due to more competitors entering Edwards' key product markets and the increasing threat of complex intellectual property litigation across multiple jurisdictions, it will become more difficult for Edwards to accurately assess the probability of a favorable outcome in such litigation, and
 - It will enhance comparability of Edwards' financial results with those of its industry peers because it is the predominant accounting practice in Edwards' industry.

Edwards' independent accountants concur with management that the change represents the adoption of a preferable accounting principle.

- All IP litigation expenses are reflected on a new line in the Statement of Operations called "Intellectual property litigation expense (income), net". Because these litigation expenses may be significant and variable, Edwards will exclude all IP litigation expenses and awards in its non-GAAP earnings.
- The attached schedules summarize the impact to Edwards' 2009-2013 historical statements of operations and balance sheets under the new accounting.