

EDWARDS LIFESCIENCES CORPORATION
Unaudited Consolidated Statements of Operations

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Net sales	\$335.5	\$327.6	\$649.0	\$624.4
Cost of goods sold	101.9	113.0	198.9	215.9
Gross profit	233.6	214.6	450.1	408.5
Selling, general and administrative expenses	128.5	126.5	250.4	241.1
Research and development expenses	42.6	35.4	82.5	68.3
Special charges (gains), net	1.5	(0.8)	(29.3)	9.3
Interest expense, net	0.2	0.4	0.3	0.8
Other (income) expense, net	(2.0)	1.0	(1.6)	2.2
Income before provision for income taxes	62.8	52.1	147.8	86.8
Provision for income taxes	15.3	12.4	39.8	28.9
Net income	\$47.5	\$39.7	\$108.0	\$57.9

Earnings per share:

Basic earnings per share	\$0.85	\$0.72	\$1.93	\$1.04
Diluted earnings per share	\$0.81	\$0.67	\$1.85	\$0.98

Weighted average common shares outstanding:

Basic	56.2	55.4	56.1	55.8
Diluted	58.5	60.2	58.5	60.7

Operating Statistics

As a percentage of net sales:

Gross profit	69.6%	65.5%	69.4%	65.4%
Selling, general and administrative expenses	38.3%	38.6%	38.6%	38.6%
Research and development expenses	12.7%	10.8%	12.7%	10.9%
Income before provision for income taxes	18.7%	15.9%	22.8%	13.9%
Net income	14.2%	12.1%	16.6%	9.3%
Effective tax rate	24.4%	23.8%	26.9%	33.3%

Computation of Diluted Earnings per Share

Net income	\$47.5	\$39.7	\$108.0	\$57.9
Adjustment for convertible debt interest expense	-	0.7	-	1.7
Adjusted net income	\$47.5	\$40.4	\$108.0	\$59.6
Weighted-average common shares outstanding used to calculate diluted earnings per share excluding convertible debt	58.5	58.2	58.5	58.3
Weighted-average common shares outstanding for the convertible debt	-	2.0	-	2.4
Weighted-average common shares outstanding used to calculate diluted earnings per share including the convertible debt	58.5	60.2	58.5	60.7
Diluted earnings per share including the convertible debt	\$0.81	\$0.67	\$1.85	\$0.98

Note: Numbers may not calculate due to rounding

EDWARDS LIFESCIENCES CORPORATION**Unaudited Balance Sheets**

(in millions)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$183.1	\$218.7
Short-term investments	5.2	8.1
Accounts and other receivables, net (1)	274.5	204.7
Inventories, net	160.9	151.8
Deferred income taxes	38.3	42.4
Prepaid expenses	44.8	30.7
Other current assets	38.8	35.5
Total current assets	<u>745.6</u>	<u>691.9</u>
Property, plant and equipment, net	239.1	230.1
Goodwill	315.7	315.7
Other intangible assets, net	91.3	96.9
Investments in unconsolidated affiliates	20.3	14.7
Deferred income taxes	36.4	37.7
Other assets	16.7	13.2
Total assets	<u><u>\$1,465.1</u></u>	<u><u>\$1,400.2</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$245.1	\$258.5
Long-term debt	113.9	175.5
Other long-term liabilities	103.0	87.4
Stockholders' equity		
Common stock	75.1	73.7
Additional contributed capital	998.1	940.4
Retained earnings	784.9	676.9
Accumulated other comprehensive loss	(23.7)	(35.4)
Common stock in treasury, at cost	(831.3)	(776.8)
Total stockholders' equity	<u>1,003.1</u>	<u>878.8</u>
Total liabilities and stockholders' equity	<u><u>\$1,465.1</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) *Milestone receipt and net loss on sale of assets*: \$1.5 million charge in the second quarter of 2009 for transaction costs and employee severance related to the pending sale of the hemofiltration product line; \$8.1 million net loss on the sale of the LifeStent product line in the first quarter of 2008; \$27.0 million gain in the first quarter of 2009 for achieving a milestone associated with the LifeStent PMA approval.
- 2) *Sale of distribution rights*: \$2.8 million gain related to the sale of distribution rights in Europe of a specialty vascular graft in the first quarter of 2009;
- 3) *Reserve reversal*: \$1.0 million gain in the first quarter of 2009 resulting from completion of the Lifepath AAA clinical obligations;
- 4) *Litigation settlement*: \$2.1 million charge for a litigation settlement in the first quarter of 2008;
- 5) *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 from the reversal of previously accrued severance costs in the fourth quarter of 2007 related to the global reduction in workforce.

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 June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
GAAP net income	\$47.5	\$39.7	\$108.0	\$57.9
Reconciling items:				
Gross profit				
Sale of ring repair products	(4.1)	-	(4.1)	-
Special charges (gains), net				
1) Milestone receipt and net loss on sale of assets	1.5	-	(25.5)	8.1
2) Sale of distribution rights	-	-	(2.8)	-
3) Reserve reversal	-	-	(1.0)	-
4) Litigation settlement	-	-	-	2.1
5) Realignment expenses, net	-	(0.8)	-	(0.9)
Total special charges (gains), net	1.5	(0.8)	(29.3)	9.3
Provision for income taxes				
Tax effect on non-GAAP adjustments (A)	1.5	0.1	12.8	5.0
Total provision for income taxes, net	1.5	0.1	12.8	5.0
Non-GAAP net income	\$46.4	\$39.0	\$87.4	\$72.2
Non-GAAP earnings per share:				
Basic non-GAAP earnings per share	\$0.83	\$0.70	\$1.56	\$1.29
Diluted non-GAAP earnings per share (B)	\$0.79	\$0.66	\$1.49	\$1.22
Non-GAAP weighted average shares outstanding:				
Basic	56.2	55.4	56.1	55.8
Diluted	58.5	60.2	58.5	60.7

Notes 1 - 5: 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 \$0.7 million for the quarter in interest expense related to previous convertible debt, and \$1.7 million for the six month period, 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)	2Q 2009	2Q 2008	Change	GAAP Growth Rate	2009 Adjusted		2008 Adjusted			Underlying Growth Rate *
					Discontinued/Other Product Line Impact	2Q 2009 Underlying Sales	Discontinued/Other Product Line Impact	FX Impact	2Q 2008 Underlying Sales	
Heart Valve Therapy	\$ 182.1	\$ 162.6	\$ 19.5	12.0%	\$ (4.1)	178.0	\$ -	\$ (10.2)	\$ 152.4	16.7%
Critical Care	113.0	116.6	(3.6)	(3.1%)	-	113.0	-	(6.2)	110.4	2.3%
Cardiac Surgery Systems	24.1	23.5	0.6	2.6%	(0.1)	24.0	(0.2)	(1.2)	22.1	8.5%
Vascular	16.3	24.9	(8.6)	(34.5%)	(2.9)	13.4	(9.9)	(0.8)	14.2	(5.7%)
Total Sales	\$ 335.5	\$ 327.6	\$ 7.9	2.4%	\$ (7.1)	\$ 328.4	\$ (10.1)	\$ (18.4)	\$ 299.1	9.8%

Sales by Product Line (YTD)	YTD 2Q 2009	YTD 2Q 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	\$ 352.5	\$ 309.3	\$ 43.2	14.0%	\$ (4.2)	348.3	\$ -	\$ (15.3)	\$ 294.0	18.5%
Critical Care	217.5	223.3	(5.8)	(2.6%)	-	217.5	(0.6)	(9.5)	213.2	2.0%
Cardiac Surgery Systems	46.6	44.9	1.7	3.8%	(0.1)	46.5	(0.2)	(1.9)	42.8	8.6%
Vascular	32.4	46.9	(14.5)	(30.9%)	(5.9)	26.5	(17.7)	(1.7)	27.5	(4.1%)
Total Sales	\$ 649.0	\$ 624.4	\$ 24.6	3.9%	\$ (10.2)	\$ 638.8	\$ (18.5)	\$ (28.4)	\$ 577.5	10.6%

Sales by Region (QTD)	2Q 2009	2Q 2008	Change	GAAP Growth Rate
United States	\$ 143.5	\$ 139.7	\$ 3.8	2.7%
Europe	102.6	105.7	(3.1)	(2.9%)
Japan	52.4	45.5	6.9	15.2%
Rest of World	37.0	36.7	0.3	0.8%
International	192.0	187.9	4.1	2.2%
Total	\$ 335.5	\$ 327.6	\$ 7.9	2.4%

Sales by Region (YTD)	YTD 2Q 2009	YTD 2Q 2008	Change	GAAP Growth Rate
United States	\$ 278.4	\$ 275.2	\$ 3.2	1.2%
Europe	201.4	196.9	4.5	2.3%
Japan	101.8	83.3	18.5	22.2%
Rest of World	67.4	69.0	(1.6)	(2.3%)
International	370.6	349.2	21.4	6.1%
Total	\$ 649.0	\$ 624.4	\$ 24.6	3.9%

* Numbers may not calculate due to rounding.