

## 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 generally accepted accounting principles.

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:**

**Special Charges, net** - The Company incurred certain special charges in 2011 and 2010 related to the following:

- 1) *Greece receivables reserve*: \$4.0 million charge in the second quarter of 2011 to reflect the increased collection risk associated with the Company's Greece receivables;
- 2) *MONARC program discontinuation*: \$8.3 million charge in the second quarter of 2010 related to the write-down of assets, primarily intellectual property, due to the discontinuation of the Company's EVOLUTION II clinical trial of the Edwards *MONARC* system.

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

**Provision For Income Taxes** - During the second quarter of 2011, the Company recorded a \$2.5 million tax benefit resulting from a partial settlement of a prior year European tax audit. During the second quarter of 2010, the Company recorded a \$9.8 million income tax benefit resulting from a partial settlement of a prior year tax audit. Given the magnitude and unusual nature of the tax events relative to the periods presented, they have 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**  
**Reconciliation of GAAP to Non-GAAP Financial Information**

**GAAP TO NON-GAAP NET INCOME TABLE**

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
<b>GAAP net income</b>	\$58.1	\$57.5	\$122.0	\$105.2
Reconciling items:				
<b>Special charges, net</b> <sup>(A)</sup>				
1) Greece receivables reserve	4.0	-	4.0	-
2) MONARC program discontinuation	-	8.3	-	8.3
<b>Total</b>	<b>4.0</b>	<b>8.3</b>	<b>4.0</b>	<b>8.3</b>
<b>Provision for income taxes</b>				
Tax effect on non-GAAP adjustments <sup>(B)</sup>	(0.4)	(1.0)	(0.4)	(1.0)
Tax settlements <sup>(A)</sup>	(2.5)	(9.8)	(2.5)	(9.8)
<b>Total</b>	<b>(2.9)</b>	<b>(10.8)</b>	<b>(2.9)</b>	<b>(10.8)</b>
<b>Non-GAAP net income</b>	<b>\$59.2</b>	<b>\$55.0</b>	<b>\$123.1</b>	<b>\$102.7</b>

**GAAP TO NON-GAAP EARNINGS PER SHARE TABLE**

<b>GAAP earnings per share</b>	\$0.48	\$0.48	\$1.01	\$0.88
Reconciling items: <sup>(C)</sup>				
<b>Special charges, net</b> <sup>(A)</sup>				
1) Greece receivables reserve	0.03	-	0.03	-
2) MONARC program discontinuation	-	0.06	-	0.06
<b>Total</b>	<b>0.03</b>	<b>0.06</b>	<b>0.03</b>	<b>0.06</b>
<b>Provision for income taxes</b>				
Tax settlements <sup>(A)</sup>	(0.02)	(0.08)	(0.02)	(0.08)
<b>Non-GAAP earnings per share</b>	<b>\$0.49</b>	<b>\$0.46</b>	<b>\$1.02</b>	<b>\$0.86</b>

Note: Numbers may not calculate due to rounding.

(A) See description of "Special Charges, net" and "Provision For Income Taxes" on the previous page.

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

(C) All amounts are tax effected, calculated using the relevant tax jurisdictions' statutory tax rates.

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

	<b>Three Months Ended June 30, 2011</b>	<b>Six Months Ended June 30, 2011</b>
<b>GAAP Tax Rate</b>	<b>20.2%</b>	<b>22.5%</b>
<u>Reconciling items:</u> (A)		
<b>Special charges, net</b>		
Greece receivables reserve	(0.5%)	(0.3%)
<b>Provision for income taxes</b>		
Tax settlements	3.2%	1.5%
<b>Non-GAAP Tax Rate</b>	<b>22.9%</b>	<b>23.7%</b>

(A) See description of "Special Charges, net" and "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)	2Q 2011	2Q 2010	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 177.8	\$ 161.6	\$ 16.2	10.0%
Transcatheter Heart Valves	85.3	53.2	32.1	60.3%
<b>Total Heart Valve Therapy</b>	<b>263.1</b>	<b>214.8</b>	<b>48.3</b>	<b>22.5%</b>
Critical Care	127.7	110.5	17.2	15.6%
Cardiac Surgery Systems	27.3	26.5	0.8	3.0%
Vascular	13.1	13.4	(0.3)	(2.2%)
<b>Total Sales</b>	<b>\$ 431.2</b>	<b>\$ 365.2</b>	<b>\$ 66.0</b>	<b>18.1%</b>

2010 Adjusted		
FX Impact	2Q 2010 Underlying Sales	Underlying Growth Rate *
\$ 8.9	\$ 170.5	4.2%
5.0	58.2	45.7%
13.9	228.7	14.8%
6.7	117.2	8.9%
1.3	27.8	(1.9%)
0.9	14.3	(8.6%)
<b>\$ 22.8</b>	<b>\$ 388.0</b>	<b>11.0%</b>

Sales by Product Line (YTD)	YTD 2Q 2011	YTD 2Q 2010	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 350.0	\$ 319.2	\$ 30.8	9.7%
Transcatheter Heart Valves	158.0	92.3	65.7	71.2%
<b>Total Heart Valve Therapy</b>	<b>508.0</b>	<b>411.5</b>	<b>96.5</b>	<b>23.5%</b>
Critical Care	248.3	215.6	32.7	15.2%
Cardiac Surgery Systems	53.4	51.3	2.1	4.1%
Vascular	26.0	27.3	(1.3)	(5.2%)
<b>Total Sales</b>	<b>\$ 835.7</b>	<b>\$ 705.7</b>	<b>\$ 130.0</b>	<b>18.4%</b>

2010 Adjusted		
FX Impact	YTD 2Q 2010 Underlying Sales	Underlying Growth Rate *
\$ 11.1	\$ 330.3	6.0%
4.5	96.8	63.2%
15.6	427.1	19.0%
9.6	225.2	10.2%
1.5	52.8	1.0%
1.1	28.4	(8.5%)
<b>\$ 27.8</b>	<b>\$ 733.5</b>	<b>14.0%</b>

Sales by Region (QTD)	2Q 2011	2Q 2010	Change	GAAP Growth Rate*
United States	\$ 151.3	\$ 144.7	\$ 6.6	4.6%
Europe	151.7	116.1	35.6	30.7%
Japan	69.8	60.5	9.3	15.4%
Rest of World	58.4	43.9	14.5	33.0%
<b>International</b>	<b>279.9</b>	<b>220.5</b>	<b>59.4</b>	<b>26.9%</b>
<b>Total</b>	<b>\$ 431.2</b>	<b>\$ 365.2</b>	<b>\$ 66.0</b>	<b>18.1%</b>

Sales by Region (YTD)	YTD 2Q 2011	YTD 2Q 2010	Change	GAAP Growth Rate*
United States	\$ 300.4	\$ 283.0	\$ 17.4	6.1%
Europe	291.2	223.8	67.4	30.1%
Japan	139.1	116.5	22.6	19.4%
Rest of World	105.0	82.4	22.6	27.4%
<b>International</b>	<b>535.3</b>	<b>422.7</b>	<b>112.6</b>	<b>26.6%</b>
<b>Total</b>	<b>\$ 835.7</b>	<b>\$ 705.7</b>	<b>\$ 130.0</b>	<b>18.4%</b>

\* Numbers may not calculate due to rounding.