

EDWARDS LIFESCIENCES CORPORATION
Unaudited Consolidated Statements of Operations

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net sales	\$482.0	\$431.2	\$941.2	\$835.7
Cost of goods sold	129.8	127.8	257.1	244.6
Gross profit	352.2	303.4	684.1	591.1
Selling, general and administrative expenses	182.4	163.2	359.6	313.5
Research and development expenses	74.0	64.9	142.6	123.9
Special charges	7.0	4.0	7.0	4.0
Interest income, net	(0.1)	(0.3)	(0.1)	(0.3)
Other income, net	(1.0)	(1.2)	(0.5)	(7.4)
Income before provision for income taxes	89.9	72.8	175.5	157.4
Provision for income taxes	22.1	14.7	42.6	35.4
Net income	\$67.8	\$58.1	\$132.9	\$122.0

Earnings per share:

Basic	\$0.59	\$0.51	\$1.16	\$1.06
Diluted	\$0.57	\$0.48	\$1.12	\$1.01

Weighted-average common shares outstanding:

Basic	114.9	114.8	114.5	114.9
Diluted	118.4	120.0	118.2	120.2

Operating Statistics

As a percentage of net sales:

Gross profit	73.1%	70.4%	72.7%	70.7%
Selling, general and administrative expenses	37.8%	37.8%	38.2%	37.5%
Research and development expenses	15.4%	15.1%	15.2%	14.8%
Income before provision for income taxes	18.7%	16.9%	18.6%	18.8%
Net income	14.1%	13.5%	14.1%	14.6%
Effective tax rate	24.6%	20.2%	24.3%	22.5%

Note: Numbers may not calculate due to rounding.

EDWARDS LIFESCIENCES CORPORATION**Unaudited Balance Sheets**

(in millions)

	June 30, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	\$304.3	\$171.2
Short-term investments	201.7	279.3
Accounts and other receivables, net	336.4	320.7
Inventories, net	265.4	261.3
Deferred income taxes	36.0	43.9
Prepaid expenses	39.5	35.0
Other current assets	95.5	57.1
Total current assets	<u>1,278.8</u>	<u>1,168.5</u>
Long-term accounts receivable, net	10.9	24.6
Property, plant and equipment, net	315.8	304.3
Goodwill	349.8	349.8
Other intangible assets, net	61.7	66.9
Investments in unconsolidated affiliates	22.1	21.8
Deferred income taxes	10.2	20.0
Other assets	25.8	24.6
Total assets	<u><u>\$2,075.1</u></u>	<u><u>\$1,980.5</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	<u>\$284.3</u>	<u>\$335.2</u>
Long-term debt	<u>185.1</u>	<u>150.4</u>
Other long-term liabilities	<u>171.1</u>	<u>157.0</u>
Stockholders' equity		
Common stock	123.0	120.0
Additional paid-in capital	418.0	300.5
Retained earnings	1,493.6	1,360.7
Accumulated other comprehensive loss	(51.0)	(37.5)
Treasury stock, at cost	(549.0)	(405.8)
Total stockholders' equity	<u>1,434.6</u>	<u>1,337.9</u>
Total liabilities and stockholders' equity	<u><u>\$2,075.1</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 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:

Gross Profit - In the second quarter of 2012, the Company increased its non-GAAP gross profit by \$8.1 million to exclude the impact of its voluntary recall of certain heart valves and Critical Care catheters. Given the magnitude and unusual nature of this adjustment relative to the operating results for the period presented, the financial impact of the recall has been excluded from non-GAAP net income.

Special Charges - The Company incurred certain special charges in 2012 and 2011 related to the following:

- 1) *Licensing of Intellectual Property*: \$7.0 million charge in the second quarter of 2012 for the upfront licensing and royalty fees related to the licensing of intellectual property;
- 2) *Greece receivables reserve*: \$4.0 million charge in the second quarter of 2011 to reflect the increased risk associated with the Company's Greece receivables.

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 first quarter of 2012, the Company recorded a \$2.3 million tax benefit due to the remeasurement of its uncertain tax positions. 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. 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
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 June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
GAAP Net Income	\$67.8	\$58.1	\$132.9	\$122.0
Reconciling items: ^(A)				
Gross profit				
Recall of heart valves and catheters	8.1	-	8.1	-
Special charges				
1) Licensing of intellectual property	7.0	-	7.0	-
2) Greece receivables	-	4.0	-	4.0
Provision for income taxes				
Tax effect on non-GAAP adjustments ^(B)	(3.4)	(0.4)	(3.4)	(0.4)
Remeasurement of uncertain tax position reserve	-	-	(2.3)	-
Tax settlements	-	(2.5)	-	(2.5)
Total	(3.4)	(2.9)	(5.7)	(2.9)
Non-GAAP Net Income	\$79.5	\$59.2	\$142.3	\$123.1

GAAP TO NON-GAAP EARNINGS PER SHARE TABLE

GAAP Earnings Per Share	\$0.57	\$0.48	\$1.12	\$1.01
Reconciling items: ^{(A)(C)}				
Gross profit				
Recall of heart valves and catheters	0.06	-	0.06	-
Special charges				
1) Licensing of intellectual property	0.04	-	0.04	-
2) Greece receivables	-	0.03	-	0.03
Provision for income taxes				
Remeasurement of uncertain tax position reserve	-	-	(0.02)	-
Tax settlements	-	(0.02)	-	(0.02)
Non-GAAP Earnings Per Share	\$0.67	\$0.49	\$1.20	\$1.02

Note: Numbers may not calculate due to rounding.

(A) See description of "Gross Profit," "Special Charges" 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
Unaudited Reconciliation of GAAP to Non-GAAP Financial Information

GAAP TO NON-GAAP GROSS PROFIT TABLE

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
GAAP Gross Profit	73.1%	72.7%
<u>Reconciling item:</u> ^(A)		
Recall of heart valves and catheters	1.7%	0.8%
Non-GAAP Gross Profit	74.8%	73.5%

Note: Numbers may not calculate due to rounding.

(A) See description of "Gross Profit" on the previous page.

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

GAAP TO NON-GAAP TAX RATE TABLE

	Three Months Ended June 30, 2012	Six Months Ended June 30, 2012
GAAP Tax Rate	24.6%	24.3%
Reconciling items: ^(A)		
Gross profit		
Recall of heart valves and catheters	(1.4) pts	(0.6) pts
Special charges		
Licensing of intellectual property	1.1 pts	0.5 pts
Provision for income taxes		
Remeasurement of uncertain tax position reserve	-	1.1 pts
Non-GAAP Tax Rate	24.3%	25.3%

(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)	2Q 2012	2Q 2011	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 171.8	\$ 177.8	\$ (6.0)	(3.4%)
Cardiac Surgery Systems	28.7	27.3	1.4	5.5%
Total Surgical Heart Valve Therapy	200.5	205.1	(4.6)	(2.3%)
Transcatheter Heart Valves	145.8	85.3	60.5	70.8%
Critical Care	123.2	127.7	(4.5)	(3.5%)
Vascular	12.5	13.1	(0.6)	(3.9%)
Total Critical Care	135.7	140.8	(5.1)	(3.6%)
Total Sales	\$ 482.0	\$ 431.2	\$ 50.8	11.8%

2011 Adjusted		
FX Impact	2Q 2011 Underlying Sales	Underlying Growth Rate *
\$ (4.3)	\$ 173.5	(1.0%)
(0.8)	26.5	8.4%
(5.1)	200.0	0.3%
(5.6)	79.7	82.9%
(3.2)	124.5	(1.1%)
(0.5)	12.6	(1.1%)
(3.7)	137.1	(1.1%)
\$ (14.4)	\$ 416.8	15.7%

Sales by Product Line (YTD)	YTD 2Q 2012	YTD 2Q 2011	Change	GAAP Growth Rate*
Surgical Heart Valves	\$ 347.8	\$ 350.0	\$ (2.2)	(0.6%)
Cardiac Surgery Systems	56.3	53.4	2.9	5.5%
Total Surgical Heart Valve Therapy	404.1	403.4	0.7	0.2%
Transcatheter Heart Valves	267.3	158.0	109.3	69.1%
Critical Care	244.8	248.3	(3.5)	(1.4%)
Vascular	25.0	26.0	(1.0)	(3.6%)
Total Critical Care	269.8	274.3	(4.5)	(1.6%)
Total Sales	\$ 941.2	\$ 835.7	\$ 105.5	12.6%

2011 Adjusted		
FX Impact	YTD 2Q 2011 Underlying Sales	Underlying Growth Rate *
\$ (3.8)	\$ 346.2	0.5%
(0.7)	52.7	6.9%
(4.5)	398.9	1.3%
(6.7)	151.3	76.6%
(2.1)	246.2	(0.6%)
(0.4)	25.6	(2.4%)
(2.5)	271.8	(0.7%)
\$ (13.7)	\$ 822.0	14.6%

Sales by Region (QTD)	2Q 2012	2Q 2011	Change	GAAP Growth Rate*
United States	\$ 207.0	\$ 151.3	\$ 55.7	36.8%
Europe	146.5	151.7	(5.2)	(3.4%)
Japan	72.3	69.8	2.5	3.4%
Rest of World	56.2	58.4	(2.2)	(3.7%)
International	275.0	279.9	(4.9)	(1.8%)
Total	\$ 482.0	\$ 431.2	\$ 50.8	11.8%

Sales by Region (YTD)	YTD 2Q 2012	YTD 2Q 2011	Change	GAAP Growth Rate*
United States	\$ 393.6	\$ 300.4	\$ 93.2	31.1%
Europe	295.3	291.2	4.1	1.4%
Japan	143.1	139.1	4.0	2.9%
Rest of World	109.2	105.0	4.2	4.0%
International	547.6	535.3	12.3	2.3%
Total	\$ 941.2	\$ 835.7	\$ 105.5	12.6%

* Numbers may not calculate due to rounding.