

EDWARDS LIFESCIENCES CORPORATION
Unaudited Consolidated Statements of Operations

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Net sales	\$267.3	\$258.2	\$524.0	\$507.3
Cost of goods sold	95.7	97.9	188.8	194.1
Gross profit	171.6	160.3	335.2	313.2
Selling, general and administrative expenses	97.0	90.1	189.2	175.7
Research and development expenses	28.9	24.2	56.1	49.2
Special (gains) charges	(0.7)	27.6	(24.5)	25.6
Interest expense, net	0.6	3.3	1.5	6.1
Other expenses (income), net	0.3	(0.2)	1.0	(1.3)
Income before provision for income taxes	45.5	15.3	111.9	57.9
Provision for income taxes	9.4	1.4	29.9	12.8
Net income	\$36.1	\$13.9	\$82.0	\$45.1
Earnings per share:				
Basic earnings per share	\$0.61	\$0.23	\$1.39	\$0.76
Diluted earnings per share	\$0.58	\$0.22	\$1.30	\$0.72
Weighted average common shares outstanding:				
Basic	58.8	59.6	59.0	59.5
Diluted	64.2	62.4	64.4	65.1

Operating Statistics

As a percentage of net sales:

Gross profit	64.2%	62.1%	64.0%	61.7%
Selling, general and administrative expenses	36.3%	34.9%	36.1%	34.6%
Research and development expenses	10.8%	9.4%	10.7%	9.7%
Income before provision for income taxes	17.0%	5.9%	21.4%	11.4%
Net income	13.5%	5.4%	15.6%	8.9%
Effective tax rate	20.7%	9.2%	26.7%	22.1%

Reconciliation of Diluted Earnings per Share

Net income	\$36.1	\$13.9	\$82.0	\$45.1
Adjustment for interest expense included in net income	1.0	-	2.0	2.0
Adjusted net income	\$37.1	\$13.9	\$84.0	\$47.1
Weighted average common shares outstanding used to calculate diluted earnings per share excluding contingent convertible debt	61.5	62.4	61.7	62.4
Weighted average common shares outstanding for the contingent convertible debt	2.7	-	2.7	2.7
Weighted average common shares outstanding used to calculate diluted earnings per share including the contingent convertible debt	64.2	62.4	64.4	65.1
Diluted earnings per share including the contingent convertible debt	\$0.58	\$0.22	\$1.30	\$0.72

Note: Numbers may not foot due to rounding

EDWARDS LIFESCIENCES CORPORATION
Unaudited Balance Sheets
(in millions)

	June 30, 2006	December 31, 2005
ASSETS		
Current assets		
Cash and cash equivalents	\$167.1	\$178.6
Accounts and other receivables, net	133.7	118.5
Inventories, net	139.0	131.5
Deferred income taxes	30.6	27.6
Prepaid expenses and other current assets	71.9	58.0
	<hr/>	<hr/>
Total current assets	542.3	514.2
Property, plant and equipment, net	205.7	201.9
Goodwill	337.7	337.7
Other intangible assets, net	127.5	137.7
Investments in unconsolidated affiliates	16.0	10.7
Deferred income taxes	17.0	11.5
Other assets	13.0	15.4
	<hr/>	<hr/>
Total assets	<u>\$1,259.2</u>	<u>\$1,229.1</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued liabilities	\$226.5	\$194.2
Long-term debt	279.6	316.1
Other long-term liabilities	30.7	28.8
Stockholders' equity		
Common stock	66.3	65.6
Additional contributed capital	570.5	536.7
Retained earnings	385.4	303.4
Accumulated other comprehensive loss	(20.4)	(22.2)
Common stock in treasury, at cost	(279.4)	(193.5)
Total stockholders' equity	<hr/> 722.4	<hr/> 690.0
	<hr/>	<hr/>
Total liabilities and equity	<u>\$1,259.2</u>	<u>\$1,229.1</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 in-process research and development expenses, special charges and gains, results of discontinued product lines, 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 has also excluded the impact of implementing Financial Accounting Standards Board Statement No. 123(R) ("FAS 123(R)") "Share Based Compensation" for year-over-year comparison purposes.

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 basis that excludes special items, foreign exchange fluctuations and the impact of option expensing 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, or 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) Charges, net - The Company incurred certain special charges and gains in 2006 and 2005 related to the following:

- 1) *Gain on sale of product lines: \$7.7 million proceeds from the sale of the Japan Perfusion product line to Terumo in the first quarter of 2005, \$5.7 million cash received in the first quarter of 2006 as the final earn-out payment in the prior year's sale of the Japan Perfusion product line to Terumo; and \$4.5 million gain from the sale of a non-strategic business in the second quarter of 2006;*
- 2) *Impairment of assets: \$2.6 million impairment charge in the second quarter of 2006 related to the revaluation of the company's remaining international perfusion product assets;*
- 3) *Litigation reserves: \$1.2 million charge for litigation reserves in the second quarter 2006;*
- 4) *Restructure 3F agreement: \$22.8 million charge for restructuring the 3F agreements in the second quarter of 2005;*
- 5) *Gain on patent settlement: \$20.2 million gain from a patent settlement with Medtronic in January 2006;*
- 6) *Investment impairments: \$4.8 million related to the impairment of certain investments in the second quarter of 2005;*
- 7) *Realignment expenses: \$2.1 million charge (primarily severance expenses) in the first quarter of 2006 resulting from the planned closing of a manufacturing facility, and \$5.7 million charge for a Japan organizational realignment in the first quarter of 2005.*

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.

Stock option expensing - Non-GAAP financial measures exclude the impact of implementing FAS 123(R) in 2006. In Q2 2006, net stock option and employee stock purchase plan expense of \$4.9 million was allocated as follows: \$0.7 million to cost of goods sold, \$3.2 million to SG&A expenses, \$1.0 million to R&D expenses, with \$1.6 million of tax benefit. During the first half of 2006, net stock option and employee stock purchase plan expense of \$9.4 million was allocated as follows: \$1.4 million to cost of goods sold, \$6.2 million to SG&A, \$1.8 million to R&D expenses, with \$2.8 million of tax benefit.

Results of Discontinued Product Lines – The Company has exited certain product lines during the periods presented. As discontinued product lines do not have a continuing contribution to operations, management believes that excluding such items from the Company's growth provides investors with a means of evaluating the Company's on-going operations. In light of the significance of the impact these product lines had on the growth of the Company, the sales results of these product lines have been detailed in the Reconciliation of Sales by Product Line and Region.

Foreign Exchange - Fluctuation in exchange rates impacts the comparative results and growth rates of the Company's underlying business. Management believes that excluding the impact of foreign exchange rate fluctuations from its growth provides investors a more meaningful comparison to historical financial results. The impact of foreign exchange rate fluctuations has been detailed in the Reconciliation of Sales by Product Line and Region.

EDWARDS LIFESCIENCES CORPORATION
Reconciliation of GAAP Net Income to Non-GAAP Net Income

(in millions, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
GAAP net income	\$36.1	\$13.9	\$82.0	\$45.1
Reconciling items:				
Special (gains) charges				
Gain on sale of product lines	(4.5)	-	(10.2)	(7.7)
Impairment of assets	2.6	-	2.6	-
Litigation reserve	1.2	-	1.2	-
Restructure 3F Therapeutics agreements	-	22.8	-	22.8
Gain on patent settlement	-	-	(20.2)	-
Investment impairments	-	4.8	-	4.8
Realignment expenses	-	-	2.1	5.7
Subtotal special gains, net of charges	(0.7)	27.6	(24.5)	25.6
Stock option expensing under FAS 123(R)	4.9	-	9.4	-
Income tax expense (benefit)				
Tax effect on non-GAAP adjustments (1)	1.8	(9.2)	11.2	(8.3)
Tax benefit from reversal of valuation allowance	(3.7)	-	(3.7)	-
Tax effect of stock option expensing under FAS 123(R)	(1.6)	-	(2.8)	-
Subtotal income taxes, net	(3.5)	(9.2)	4.7	(8.3)
Non-GAAP net income	\$36.8	\$32.3	\$71.6	\$62.4

Non-GAAP Earnings per share:

Basic non-GAAP earnings per share	\$0.63	\$0.54	\$1.21	\$1.05
Diluted non-GAAP earnings per share (2)	\$0.59	\$0.51	\$1.14	\$0.99

Weighted average shares outstanding:

Basic	58.8	59.6	59.0	59.5
Diluted	64.3	65.1	64.6	65.1

(1) The tax effect on non-GAAP adjustments is calculated using the relevant tax jurisdiction of the transaction applying the local statutory tax rate.

(2) Diluted non-GAAP earnings per share is calculated by adding back \$1.0 million in interest expense for the quarter and \$2.0 million for the six month period related to the convertible debt to net income then dividing by the weighted average diluted shares outstanding.

EDWARDS LIFESCIENCES CORPORATION
Unaudited Reconciliation of Sales by Product Line and Region
(in millions)

Sales by Product Line (Qtr)	Q2 2006	Q2 2005	Change	GAAP Growth Rate	2006 Adjusted		2005 Adjusted			Underlying % Growth*
					Discontinued Product Line Impact	Q2 2006 Underlying Sales	Discontinued Product Line Impact	FX Impact	Q2 2005 Underlying Sales	
Heart Valve Therapy	\$ 127.8	\$ 125.7	\$ 2.1	1.7%	\$ -	\$127.8	\$ -	\$ (1.6)	\$ 124.1	3.0%
Critical Care	89.6	81.6	8.0	9.8%	-	89.6	-	(1.1)	80.5	11.3%
Cardiac Surgery Systems	24.3	26.2	(1.9)	(7.3%)	(1.7)	22.6	(4.4)	0.4	22.2	1.8%
Vascular	19.1	16.9	2.2	13.0%	-	19.1	-	(0.1)	16.8	13.8%
Other Distributed Products	6.5	7.8	(1.3)	(16.7%)	-	6.5	(0.3)	(0.4)	7.1	(7.6%)
Total Sales	\$ 267.3	\$ 258.2	\$ 9.1	3.5%	\$ (1.7)	\$ 265.6	\$ (4.7)	\$ (2.8)	\$ 250.7	6.0%

Sales by Product Line (YTD)	YTD Q2 2006	YTD Q2 2005	Change	GAAP Growth Rate	2006 Adjusted		2005 Adjusted			Underlying % Growth*
					Discontinued Product Line Impact	2006 Underlying Sales	Discontinued Product Line Impact	FX Impact	YTD Q2 2005 Underlying Sales	
Heart Valve Therapy	\$ 252.9	\$ 242.4	\$ 10.5	4.3%	\$ -	\$ 252.9	\$ -	\$ (5.6)	\$ 236.8	6.8%
Critical Care	170.7	161.5	9.2	5.7%	-	170.7	-	(4.3)	157.2	8.6%
Cardiac Surgery Systems	47.6	51.4	(3.8)	(7.4%)	(3.3)	44.3	(9.3)	0.2	42.3	4.8%
Vascular	37.3	33.2	4.1	12.3%	-	37.3	-	(0.7)	32.5	14.8%
Other Distributed Products	15.5	18.8	(3.3)	(17.6%)	-	15.5	(1.9)	(1.3)	15.6	0.1%
Total Sales	\$ 524.0	\$ 507.3	\$ 16.7	3.3%	\$ (3.3)	\$ 520.7	\$ (11.2)	\$ (11.7)	\$ 484.4	7.5%

Sales by Region (Qtr)	Q2 2006	Q2 2005	Change	GAAP Growth Rate
United States	\$ 122.6	\$ 119.0	\$ 3.6	3.0%
Europe	69.1	64.3	4.8	7.5%
Japan	42.9	46.9	(4.0)	(8.5%)
Rest of World	32.7	28.0	4.7	16.8%
International	\$ 144.7	\$ 139.2	\$ 5.5	4.0%
Total	\$ 267.3	\$ 258.2	\$ 9.1	3.5%

Sales by Region (YTD)	YTD Q2 2006	YTD Q2 2005	Change	GAAP Growth Rate
United States	\$ 243.7	\$ 230.2	\$ 13.5	5.9%
Europe	133.8	126.7	7.1	5.6%
Japan	84.6	95.8	(11.2)	(11.7%)
Rest of World	61.9	54.6	7.3	13.4%
International	\$ 280.3	\$ 277.1	\$ 3.2	1.2%
Total	\$ 524.0	\$ 507.3	\$ 16.7	3.3%

* Numbers may not calculate due to rounding.