



Edwards Lifesciences

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NEWS RELEASE

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EDWARDS LIFESCIENCES REPORTS STRONG SECOND QUARTER RESULTS

- ***Double Digit Heart Valve Growth Drives Strong Earnings Growth***
- ***Transcatheter Valve Program Remains on Track to Achieve Key Milestones and Sales Goals***

IRVINE, Calif., July 20, 2009 – Edwards Lifesciences Corporation (NYSE: EW), a world leader in products and technologies to treat advanced cardiovascular disease, today reported net income for the quarter ended June 30, 2009 of \$47.5 million, or \$0.81 per diluted share, compared to net income of \$39.7 million, or \$0.67 per diluted share, for the same period in 2008. Excluding special items detailed in the reconciliation table below, second quarter 2009 net income was \$46.4 million, or \$0.79 per diluted share, compared to net income of \$39.0 million, or \$0.66 per diluted share, for the same period last year. Second quarter diluted earnings per share increased 20.9 percent over last year. Excluding special items, diluted earnings per share grew 19.7 percent.

Second quarter net sales increased 2.4 percent to \$335.5 million. Underlying¹ sales growth was 9.8 percent, which primarily excludes an \$18.4 million negative impact from foreign exchange and the divestiture of the LifeStent product line.

“Share gains across all regions drove double digit heart valve therapy growth, resulting in strong second quarter results,” said Michael A. Mussallem, Edwards Lifesciences’ chairman and CEO.

“With the continued adoption of our transcatheter heart valves, we remain confident that we will reach more than \$100 million in sales outside of the U.S. this year. Additionally, we continue to make progress towards bringing this exciting technology to U.S. patients as we approach completion of our PARTNER trial enrollment.”

Sales Results

For the second quarter, the company reported Heart Valve Therapy sales of \$182.1 million. Underlying growth of 16.7 percent over the prior year excluded the

EDWARDS LIFESCIENCES REPORTS STRONG SECOND QUARTER

impact of \$10.2 million from foreign exchange and \$4.1 million related to the re-launch of previously retrieved mitral valve repair products.

“Our Heart Valve Therapy sales growth was driven primarily by our Edwards SAPIEN transcatheter valve, which grew to \$26.5 million in the quarter. Based on our current performance and foreign exchange rates, we are increasing the midpoint of our prior Heart Valve Therapy sales guidance for 2009 by \$25 million to \$690 to \$710 million,” said Mussallem.

Critical Care sales were \$113.0 million for the quarter. Underlying growth of 2.3 percent over prior year excluded a \$6.2 million reduction from foreign exchange. Sales of new products achieved strong growth for the quarter, while constraints on hospital capital spending had a continued impact on overall sales growth.

“We expect new product introductions to drive higher Critical Care growth rates in the second half of the year. However, in light of the divestiture of our hemofiltration business, and continued weakness in hardware sales, we are lowering our prior Critical Care sales guidance for 2009 by \$20 million to \$435 to \$455 million,” said Mussallem.

Cardiac Surgery Systems sales for the quarter were \$24.1 million. Excluding foreign exchange, underlying growth was 8.5 percent over prior year due primarily to strong sales of minimally invasive surgery products.

Vascular sales were \$16.3 million, a decline from \$24.9 million in the same quarter last year due primarily to the divestiture of the LifeStent product line.

Domestic and international sales for the second quarter were \$143.5 million and \$192.0 million, respectively.

Additional Operating Results

For the quarter, Edwards’ gross profit margin was 69.6 percent compared to 65.5 percent in the same period last year. This improvement was due primarily to product mix and the favorable impact of foreign exchange hedge agreements.

Selling, general and administrative expenses were \$128.5 million for the quarter, or 38.3 percent of sales, compared to \$126.5 million in the prior year. The increase, driven primarily by higher transcatheter heart valve sales and marketing expenses in Europe, was partially offset by foreign exchange.

Research and development expenses (R&D) for the quarter were \$42.6 million, or 12.7 percent of sales. As a result of additional spending on the company’s transcatheter heart valve and FloTrac programs, R&D investments increased 20.3 percent compared to the prior year.

EDWARDS LIFESCIENCES REPORTS STRONG SECOND QUARTER

During the quarter, Edwards recorded a \$1.5 million special charge related to the pending hemofiltration product line divestiture.

Free cash flow for the quarter was \$66.1 million, calculated as cash from operating activities of \$63.9 million, minus capital expenditures of \$17.1 million, plus \$19.3 million in tax payments related to the sale of the LifeStent product line.

Total debt at June 30, 2009 was \$113.9 million. Cash and cash equivalents were \$183.1 million at the end of the quarter, resulting in net cash of \$69.2 million.

During the quarter, the company repurchased 445,000 shares of common stock for \$27.7 million.

Six-Month Results

For the six months ended June 30, 2009, the company recorded net income of \$108.0 million, or \$1.85 per diluted share, compared to \$57.9 million, or \$0.98 per diluted share for 2008. Excluding special items detailed in the reconciliation table below, net income for the first six months in 2009 was \$87.4 million, or \$1.49 per diluted share, compared to \$72.2 million, or \$1.22 per diluted share the same period last year. For the six months ended June 30, 2009, diluted earnings per share increased 88.8 percent over last year. Excluding special items, diluted earnings per share grew 22.1 percent.

Net sales for the first six months of 2009 increased 3.9 percent to \$649.0 million. Underlying sales growth was 10.6 percent, which primarily excludes a \$28.4 million negative impact from foreign exchange.

Domestic and international sales for the six months were \$278.4 million and \$370.6 million, respectively.

During the first six months, the company repurchased 907,500 shares of common stock for \$54.5 million.

2009 Outlook

“Overall, we have had a very successful first six months, and are expecting a strong second half of the year. Our underlying sales growth estimate of 10 to 12 percent for 2009 remains unchanged and we expect to meet or exceed all of our previously stated financial goals,” said Mussallem.

“Excluding special items, we estimate that third quarter 2009 diluted earnings per share will be between \$0.66 and \$0.70. For full year 2009, we are raising our diluted earnings per share estimate to between \$3.00 and \$3.06, and we now expect to be at the upper end of our goal to grow diluted earnings per share by 15 to 19 percent.”

EDWARDS LIFESCIENCES REPORTS STRONG SECOND QUARTER

About Edwards Lifesciences

Edwards Lifesciences is the global leader in the science of heart valves and hemodynamic monitoring, with more than five decades of experience in partnering with clinicians to develop life-saving innovations. Headquartered in Irvine, Calif., Edwards treats advanced cardiovascular disease with its market-leading heart valve therapies, and critical care and vascular technologies, which are sold in approximately 100 countries. The company's global brands include Carpentier-Edwards, Cosgrove-Edwards, Edwards SAPIEN, FloTrac, Fogarty, PERIMOUNT Magna and Swan-Ganz. Additional company information can be found at <http://www.edwards.com>.

Conference Call and Webcast Information

Edwards Lifesciences will be hosting a conference call today at 5:00 p.m. ET to discuss its second quarter results. To participate in the conference call, dial (877) 407-8037 or (201) 689-8037. For 72 hours following the call, an audio replay can be accessed by dialing (877) 660-6853 or (201) 612-7415 and using account number 2995 and conference number 326352. The call will also be available via live or archived webcast on the "Investor Relations" section of the Edwards web site at www.edwards.com or www.edwards.com/InvestorRelations.

This news release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements can sometimes be identified by the use of words such as "may," "will," "should," "anticipate," "believe," "plan," "project," "estimate," "expect," "intend," or other similar expressions and include, but are not limited to, the company's financial goals or expectations for sales, gross profit margin improvement, net income, earnings per share and free cash flow; regulatory approval of new products in, and competitive dynamics associated with, the company's heart valve therapy product line; the continued adoption and sales of the FloTrac system; the timing and progress of clinical studies relating to the company's transcatheter valve technologies and the market opportunity for these products; and the impact of foreign exchange and special items on the company's results. Forward-looking statements are based on estimates and assumptions made by management of the company and are believed to be reasonable, though they are inherently uncertain and difficult to predict. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement.

Forward-looking statements involve risks and uncertainties that could cause actual results or experience to differ materially from that expressed or implied by the forward-looking statements. Factors that could cause actual results or experience to differ materially from that expressed or implied by the forward-looking statements include the opportunities for the company's transcatheter valve programs and the ability of the company to continue to lead in the development of this field; the company's success in creating new market opportunities for its products and the timing of new product launches; the impact of currency exchange rates; the timing or results of pending or future clinical trials; actions by the U.S. Food and Drug Administration and other regulatory agencies; and other risks detailed in the company's filings with the Securities and Exchange Commission including its Annual Report on Form 10-K for the year ended December 31, 2008.

EDWARDS LIFESCIENCES REPORTS STRONG SECOND QUARTER

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 and acquired 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 uses non-GAAP financial measures internally for strategic decision making, forecasting future results and evaluating current performance. Certain guidance is provided 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, or superior to, the corresponding measures calculated in accordance with GAAP.

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¹ "Underlying" amounts are non-GAAP items and exclude discontinued and newly acquired products, foreign exchange fluctuations and other adjustments. See the reconciliation table below.

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.