Edwards Lifesciences Corporation
2009 Annual Report

Stronger Hearts From Innovative Minds

The innovative minds at Edwards Lifesciences are working hard to provide the patients of tomorrow with stronger and healthier hearts. Our commitment reaches beyond today's technology. In partnership with clinicians, we are working to discover entirely new approaches in the areas of structural heart disease and critical care monitoring that will save, enhance and preserve patients' lives.

Selected Operating Information

Twelve months ended December 31, *(in millions)*	**2009**	2008	2007
Net sales	$ 1,321.4	$ 1,237.7	$ 1,091.1
Cost of goods sold	399.1	419.6	378.2
Gross profit	922.3	818.1	712.9
Selling, general and administrative expenses	508.8	480.6	418.0
Research and development expenses	175.5	139.2	122.3
Operating Statistics			
As a percentage of net sales:			
Gross profit	69.8%	66.1%	65.3%
Selling, general and administrative expenses	38.5%	38.8%	38.3%
Research and development expenses	13.3%	11.2%	11.2%
Operating margin[(a)]	18.0%	16.0%	15.8%

(a) Operating margin is calculated by subtracting selling, general and administrative expenses and research and development expenses from gross profit and then dividing by net sales.

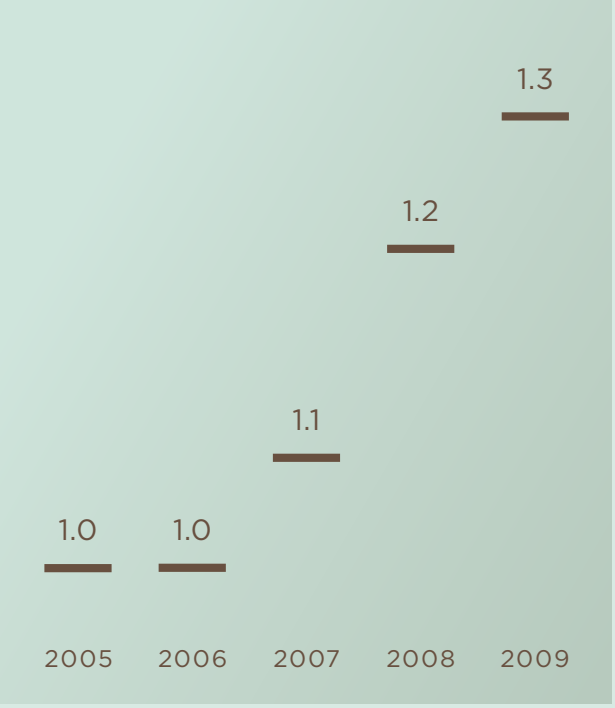
The information contained in the table above should be read in conjunction with Edwards Lifesciences' "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Consolidated Financial Statements" found in the accompanying Annual Report on Form 10-K for fiscal year ended December 31, 2009.

Safe Harbor Statement This Annual Report contains forward-looking statements within the meaning of the federal securities laws. These statements involve substantial risks and uncertainties that could cause the company's future business, financial condition, results of operations or performance to differ materially from that expressed or implied by the forward-looking statements. All statements other than statements of historical fact in this Annual Report or referred to or incorporated by reference into this Annual Report are "forward-looking statements." You are encouraged to refer to the discussion of Risk Factors that may be found in the company's Annual Report on Form 10-K for fiscal year ended December 31, 2009 and other filings with the Securities and Exchange Commission.

Selected Consolidated Data

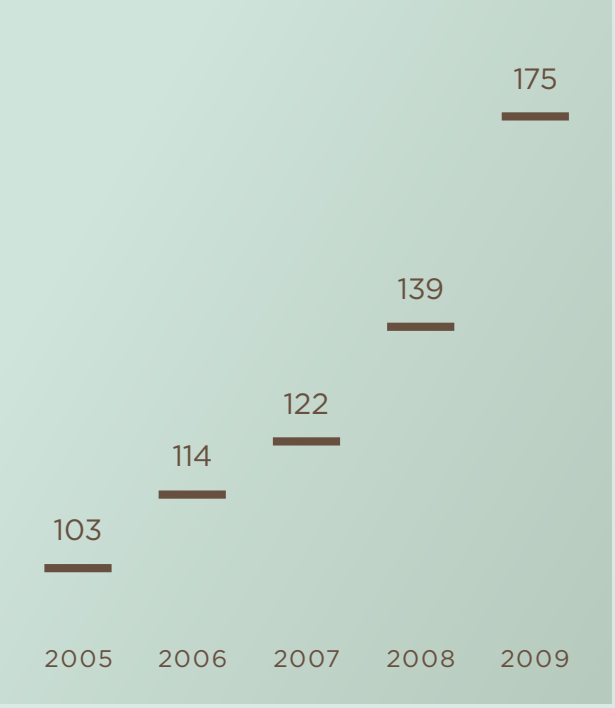
For a reconciliation of GAAP to non-GAAP figures, refer to pages 18 and 19 of this report.

Net Sales *(in billions of dollars)*



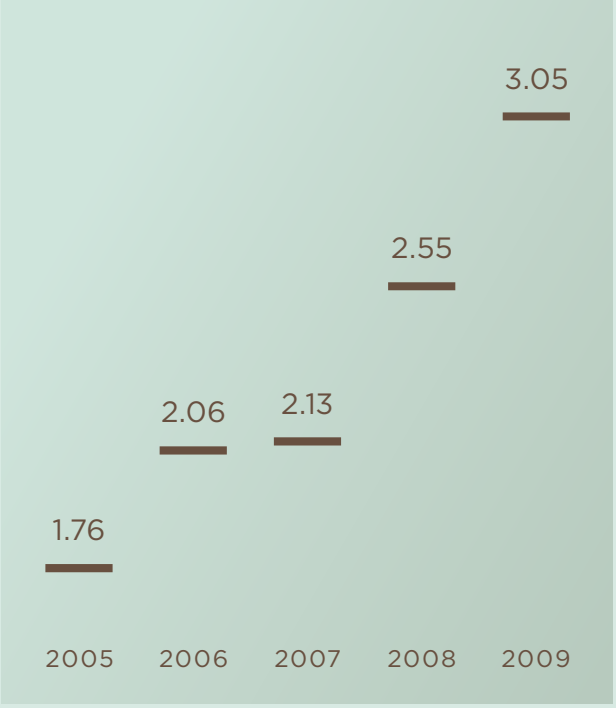
In 2009, net sales grew to more than $1.32 billion, exceeding our full year goal of $1.24 to $1.30 billion. Over 90% of the company's sales came from products in leadership positions.

R&D Investment *(in millions of dollars)*



Edwards continues to invest in the development of new technologies, including transcatheter valves, minimally invasive aortic valve surgery systems and real-time glucose monitoring. R&D investment grew 26% year-over-year from 2008 to 2009.

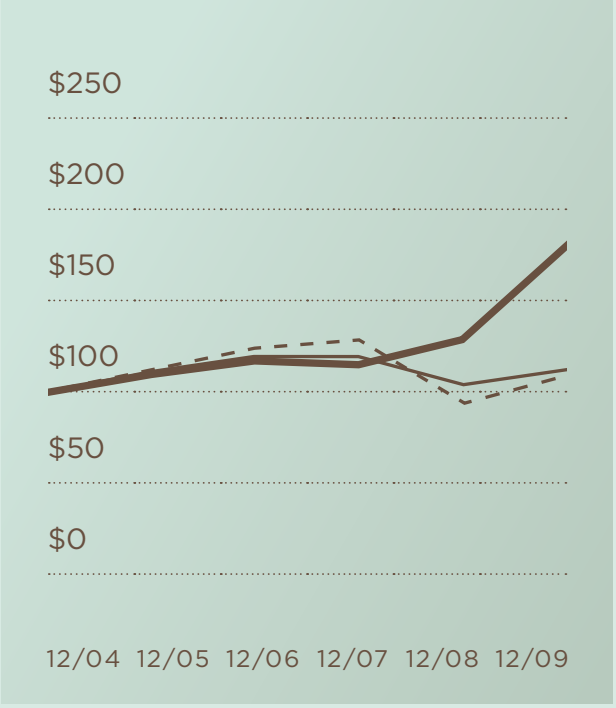
Non-GAAP Diluted Earnings Per Share *(in dollars)*



Adjusted earnings per share growth of 19.6% in 2009 exceeded our full year goal of 15% to 19%. For the second consecutive year, adjusted earnings per share growth surpassed 19%.

Stock Performance*

Edwards Lifesciences — *RXP (Morgan Stanley Healthcare Products Index)* — *S&P 500*



Since 2004, Edwards' stock price has increased 110%, outperforming the broader market and our medical products peer group. Year-over-year appreciation of EW stock from 2008 to 2009 was 58%.

Edwards Lifesciences Corp.	100	101	114	111	133	210
S&P 500	100	105	121	128	81	102
Morgan Stanley Healthcare Products	100	102	112	114	94	107

**Cumulative total return based upon an initial investment of $100 on December 31, 2004, with dividends reinvested.*

A Letter To Our Stockholders

from

Michael A. Mussallem
Chairman &
Chief Executive Officer

Cardiovascular disease is a global burden encountered by millions of people. Each year, an estimated 500,000 people undergo open-heart surgery to replace or repair their malfunctioning or diseased heart valves and virtually all high-risk patients in the operating room or intensive care unit are candidates for having their cardiac function monitored.

The fight to make a positive difference in the lives of these patients and their families requires meaningful innovation to enhance today's technologies. Edwards Lifesciences' 50-year commitment to discovery has led to many of the most advanced heart valve therapies and critical care monitoring technologies in the industry. In 2009, we continued to build upon this legacy by introducing several new products and furthering our progress in developing new technologies designed to transform patient care.

Another Successful Year of Growth in 2009

In a year of slow economic growth, Edwards not only continued to build on our distinguished track record, but also met or exceeded all of our 2009 financial goals. We achieved total reported sales of $1,321 million, which represents an 11 percent underlying growth rate. We stayed very focused on delivering strong growth while improving profitability, and in 2009 our gross profit margin reached 69.8 percent. In addition, we achieved full year non-GAAP diluted earnings per share growth of 19.6 percent and generated non-GAAP free cash flow of $178 million, beating our $160 to $170 million goal. Our shareholders were rewarded with a 58 percent increase in share value for 2009.

During 2009, we planned to increase the growth of our market leading surgical Heart Valve Therapy products, extend our leadership in Transcatheter Heart Valves and raise our Critical Care growth rate through innovation.

I am proud of the accomplishments we made in surgical heart valves, with major product introductions in the repair and replacement segments driving global growth. In particular, the introduction of a new aortic valve and repair ring helped lift the U.S. growth rate. In 2009, on an underlying basis, we gained share and grew our global surgical heart valve therapy product line by 8 percent, faster than the market growth rate.

In our transcatheter heart valve product line, the number of valve procedures performed commercially in Europe and abroad more than doubled compared to the prior year. With surgical and transcatheter valves combined, our Heart Valve Therapy franchise grew almost 18 percent on an underlying basis.

Since receiving CE Mark in 2007, thousands of patients have benefited from the revolutionary Edwards SAPIEN transcatheter heart valve. We are pleased to be able to offer this life-saving technology to patients in over 30 countries whose severe aortic stenosis largely goes untreated.

In the U.S., we completed enrollment of our landmark PARTNER Trial—the world's only randomized, pivotal clinical trial of a transcatheter aortic valve—which assures our substantial lead in providing this therapy to a large patient population. We applaud the trial's investigators for their significant efforts in meeting this important milestone, and for their dedication to the follow-up that continues into 2010 and beyond. Assuming a favorable outcome and a one year approval process, we would expect U.S. approval of our Edwards SAPIEN

transcatheter heart valve in 2011. In Japan, we completed our first compassionate use cases and look forward to starting a clinical trial in 2010.

Building upon this momentum, we made excellent progress on our next-generation Edwards SAPIEN XT transcatheter heart valve, which enables access to smaller arteries, thereby expanding the treatable patient population. In the U.S., we submitted our study design for the Edwards SAPIEN XT valve to the FDA and expect to begin enrolling patients in 2010. This trial, called PARTNER II, includes both our new 18 French NovaFlex transfemoral and the Ascendra 2 transapical delivery systems. And, our progress continues with the recent CE Mark for the Edwards SAPIEN XT next generation transcatheter valve and its delivery systems, leading to a European rollout in 2010.

In our Critical Care franchise, sales of newer products—particularly the FloTrac system—continued to achieve strong results. As part of our strategy to pursue innovative technologies, we rolled out an upgrade to our FloTrac system to extend its applicability to additional clinical settings. We also made significant progress in improving the accessibility of our parameters to more physicians and strengthening the clinical evidence that demonstrates the value of this technology.

Our Critical Care product line grew by approximately 5% on an underlying basis, which was lower than our original projections. Sales growth improved in the second half of the year as constraints on hospital capital spending lessened.

We are fortunate that our strong operating performance and cash flow enabled us to continue helping worthy organizations make a difference, and in 2009 our Board of Directors approved a $15 million contribution to The Edwards Lifesciences Fund, which will allow us to have a positive impact on our global communities for years to come. During the year, the Fund made grants of $4.6 million to more than 100 nonprofit organizations.

Ensuring Innovative Minds Help Provide Patients with Stronger and Healthier Hearts

Key to our company's success is developing innovative and enduring products that not only fuel top line growth, but also enable clinicians to make a positive difference in the lives of the patients they treat. In 2009, we made significant investments in our future by committing more than $175 million to develop new technologies, an increase of 26 percent over the prior year. We are excited about the new products we introduced during 2009 and look forward to continued momentum in 2010 driven by our robust product pipeline.

In 2009, we introduced several new products to help address the prevalence of cardiovascular disease. In Heart Valve Therapy, we launched the Carpentier-Edwards PERIMOUNT Magna Ease aortic valve, a new best-in-class surgical heart valve. The next-generation design of this valve sets a new standard for tissue valves by combining enhanced ease-of-implant with unsurpassed hemodynamics and proven long-term durability.

Nearly 100,000 patients undergo mitral valve repair surgery each year. To better address the needs of this patients, we introduced the Carpentier-Edwards Physio II mitral valve repair ring in the U.S. and Europe. This advanced repair product for degenerative mitral valve disease provides the security of a proven design based on 40 years of experience in mitral valve reconstruction.

Many patients in need of heart valve therapies are seeking less invasive approaches that provide benefits such as smaller incisions, quicker recoveries and minimal scarring. Continuing our strategy of developing more minimally invasive products, we introduced the PORT ACCESS EndoDirect System in the U.S. This system's combination of tools enables surgeons to perform intricate valve procedures while avoiding the larger, more invasive incisions associated with traditional surgery.

In the critical care community, there is growing evidence that closely monitoring glucose levels in critically ill patients can positively impact their care and outcomes. However, existing intermittent monitoring methods make this challenging for hospitals to employ on a widespread basis. To help address this problem, we are developing a real-time glucose monitoring system to allow clinicians to better manage the glycemic levels of patients in an operating room or intensive care setting. During the year we developed our first-generation product and have now begun a clinical evaluation of this product with researchers in European hospitals.

Committed to the Future

As we look to the future, Edwards remains focused on delivering on our commitments to shareholders, while we continue to strive to live our Credo. Our financial goals for 2010 build on our momentum and we expect to deliver another year of strong growth and profitability. Excluding special items, we expect to generate sales for the year in the range of $1,430 to $1,500 million and increase our gross profit margin by 50 to 100 basis points. In addition, at the same time we are investing aggressively in R&D, we intend to grow net income 17 to 19 percent for the year and generate annual free cash flow of $190 to $200 million.

Edwards Lifesciences is committed to developing technologies that advance care so that patients do not simply survive, they thrive. We will continue to act boldly and decisively to ensure that the innovative minds of today can provide the patients of tomorrow with stronger and healthier hearts.

We are grateful that our shareholders support our dedication to patients and we are truly appreciative of your trust.

Sincerely,

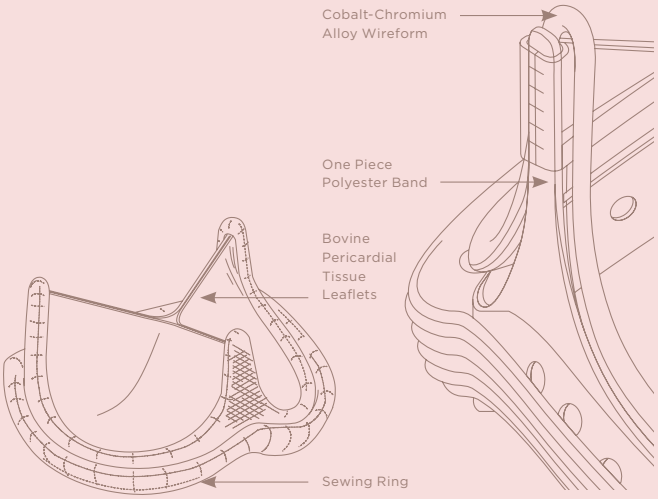
Michael A. Mussallem
Chairman and Chief Executive Officer

This letter to the stockholders contains figures that are not prepared in conformity with Generally Accepted Accounting Principles ("GAAP"). Management has determined that the inclusion of these non-GAAP figures provides a meaningful comparison of the company's ongoing operations. For a reconciliation of GAAP to non-GAAP figures, refer to pages 18 and 19 of this report.

Marolyn

CARPENTIER-EDWARDS PERIMOUNT MAGNA VALVE & PHYSIO ANNULOPLASTY RING

The Carpentier-Edwards PERIMOUNT Magna aortic valve is the first and only heart valve of its kind, combining more than 25 years of clinical experience with the most advanced tissue engineering technologies. It is built on the demonstrated performance of the Carpentier-Edwards PERIMOUNT valve, with proven durability of up to 20 years and excellent hemodynamics. Edwards' Magna platform serves as the basis for new opportunities in surgical valve innovations, leveraging valves with excellent hemodynamics and proven durability to establish new products with innovative delivery approaches. Edwards' strategy to marry its expertise in heart valves with procedural refinements aims to improve the valve surgery experience.



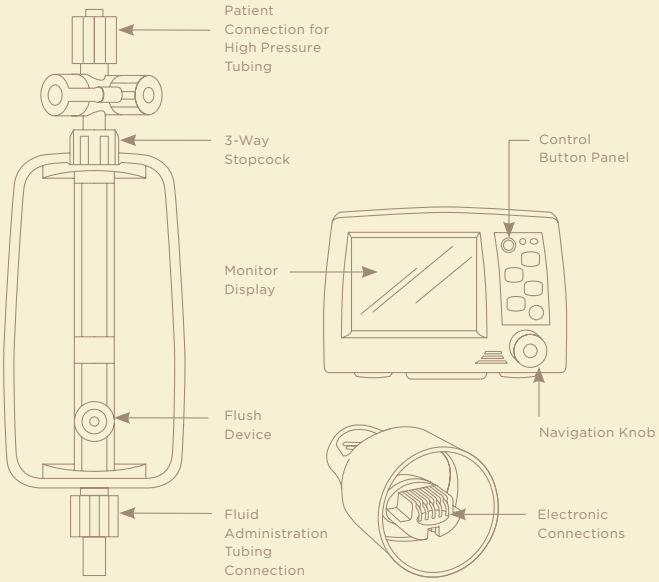
1 Million

HEART VALVE PATIENTS TREATED BY EDWARDS

More than 1 million patients worldwide have been treated with Edwards' heart valve replacement and repair technologies, and today, the Carpentier-Edwards PERIMOUNT Magna valve is the most widely implanted tissue valve. The Magna platform continues to expand with the new PERIMOUNT Magna Ease aortic valve and the PERIMOUNT Magna mitral valve.

"I just didn't have the 'get up and go' I used to have. The surgery allowed me to regain my strength, and I'm still active, gardening, exercising and doing things around the house that my husband and I built."

Marolyn and her husband raised three children on 10 acres in Oklahoma, in a home they built. This rural setting has kept her active, gathering milk from her cows, canning vegetables and maintaining the property, even into her 60s. One day while doing yardwork with her daughter, she had to stop and rest for the first time. Additional symptoms led her to her doctor, who diagnosed aortic valve insufficiency and recommended heart valve surgery. After receiving a Carpentier-Edwards PERIMOUNT Magna valve as well as a Carpentier-Edwards Physio annuloplasty ring, Marolyn resumed her activities, including spending time with a new great-granddaughter.



FLOTRAC SENSOR & VIGILEO MONITOR

Edwards' FloTrac sensor is used with the Vigileo monitor to provide continuous hemodynamic measurements for high-risk and critically ill patients. This easy-to-use system attaches to an existing arterial line, or a small catheter inserted into the patient's radial artery. Traditionally, these parameters are measured through a more invasive pulmonary artery catheter placed in the patient's heart, such as Edwards' Swan-Ganz catheter. While Swan-Ganz catheters remain the gold standard for obtaining the most comprehensive level of hemodynamic monitoring, the FloTrac system is used to gather many of those same parameters earlier and less invasively, enabling previously unmonitored patients to receive more advanced care.

"The FloTrac system watched over me while I was in the hospital fighting the H1N1 virus. I appreciate the sophistication of this technology and believe it played a part in saving my life."

Ron Turmel is an avid music fan. He enjoys listening to rock-n-roll and jazz, and recently began learning to play the guitar. In November, his life hit a different note, one that has changed him forever. Ron became critically ill with the H1N1 virus and was admitted to the hospital. His condition was grave and his doctors knew they needed specialized resources for his treatment. They used the advanced monitoring technology provided by Edwards' FloTrac system to help guide the therapy that led to his recovery. Now that Ron is healthy again, he has a new lease on life and has been able to reconnect with his family and his love of music.

60%

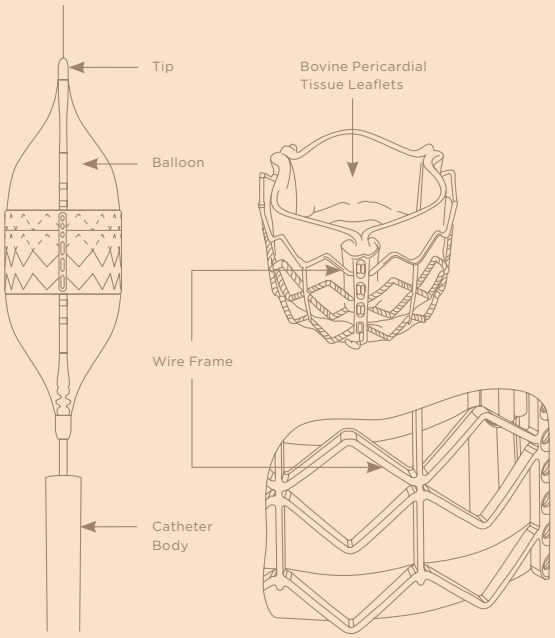
REDUCTION IN COMPLICATIONS

Edwards' FloTrac system is the world's number one selling minimally invasive hemodynamic monitoring system. A recently published clinical study[1] found that enhanced hemodynamic monitoring with the FloTrac system lowered complications by 60 percent and reduced hospital lengths of stay by more than 20 percent when compared to standard monitoring.

(1) Jochen Mayer et al., Goal-Directed Intraoperative Therapy Based on Autocalibrated Arterial Pressure Waveform Analysis Reduces Hospital Stay in High-Risk Surgical Patients: A Randomized, Controlled Trial, Critical Care, Vol. 14. No. 1 (2010).

Ron

Dave



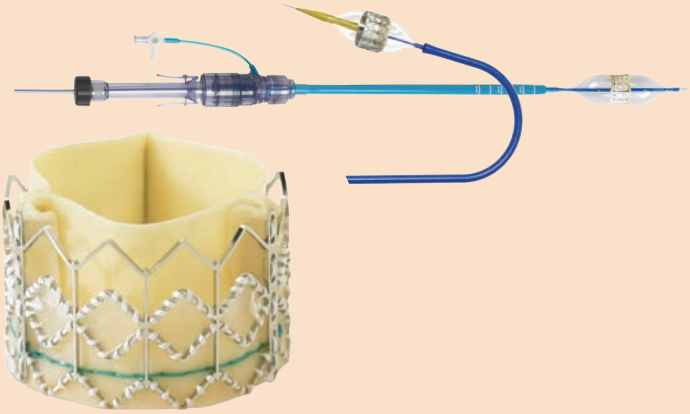
EDWARDS SAPIEN TRANSCATHETER HEART VALVE

The Edwards SAPIEN transcatheter heart valve is designed to treat patients with severe aortic stenosis who are high-risk or unable to undergo traditional valve replacement surgery. Because the valve implantation can be performed through a small incision, on a beating heart and without cardiopulmonary bypass, the Edwards SAPIEN valve is designed to be less traumatic to the patient and to improve quality of life, while reducing recovery time and complication rates. The valve can be delivered either via the femoral artery with the RetroFlex transfemoral delivery system, or between the ribs with the Ascendra transapical delivery system.

1 to 1

TREATED VS. UNTREATED PATIENTS

There is a substantial population of patients with aortic stenosis who, today, are under-treated. Demographic data[1] suggests that for every severe and symptomatic patient who has their valve replaced, there is another who would benefit from a replacement, in terms of symptoms and survival, but doesn't receive one. Often operative risk is estimated too high, and misclassification of both hemodynamic severity and symptomatic status occurs frequently. Most patients treated conservatively are simply not referred for surgery.



"In the six months before the procedure, my quality of life took a big dive. I lost interest in most things but that is all gone now. I have a life now I never expected, and my life is worth living for."

When his doctor informed him his aortic heart valve needed to be replaced, Dave, a retired technical advisor for the South African pedigree cattle industry, thought back to the bypass operations he had undergone in his past. But this time his doctor told him he couldn't tolerate another invasive surgical procedure to his chest. Instead, a multi-disciplinary heart team implanted the Edwards SAPIEN transcatheter valve without open heart surgery. Where before Dave felt mentally and physically unwell, after the valve replacement he resumed a normal lifestyle—exercising, gardening and driving to visit his children, two grandchildren and friends.

Caution: The Edwards SAPIEN transcatheter heart valve and the RetroFlex and Ascendra delivery systems are investigational devices in the U.S., limited by U.S. federal law to investigational use. Not available for sale in the U.S.

(1) Martijn W.A. van Geldorp et al., Therapeutic Decisions For Patients With Symptomatic Severe Aortic Stenosis: Room For Improvement?, European Journal of Cardiothoracic Surgery, Vol. 35 (June 2009).

Consolidated Balance Sheets

Our complete financial results and consolidated financial statements including the notes referred to below, appear in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2009. A copy of the Form 10-K is available on our website at www.edwards.com.

As of December 31, *(in millions, except par value)*	**2009**	2008
Assets		
Current assets		
Cash and cash equivalents	$ 334.1	$ 218.7
Short-term investments (Note 2)	—	8.1
Accounts receivable, net (Note 5)	249.4	186.3
Other receivables	22.7	18.4
Inventories, net	165.9	151.8
Deferred income taxes	48.3	42.4
Prepaid expenses	33.7	30.7
Other current assets	35.1	35.5
Total current assets	889.2	691.9
Property, plant and equipment, net	252.0	230.1
Goodwill (Notes 3 and 7)	315.2	315.7
Other intangible assets, net	86.7	96.9
Investments in unconsolidated affiliates	22.3	14.7
Deferred income taxes	37.1	37.7
Other assets	13.0	13.2
Total assets	$ 1,615.5	$ 1,400.2
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$ 51.1	$ 65.6
Accrued liabilities	203.5	186.7
Taxes payable	35.9	6.2
Total current liabilities	290.5	258.5
Long term debt (Note 9)	90.3	175.5
Other long-term liabilities	76.8	87.4
Commitments and contingencies (Notes 9 and 16)		
Stockholders' equity		
Preferred stock, $.01 par value, authorized 50.0 shares, no shares outstanding	—	—
Common stock, $1.00 par value, 350.0 shares authorized, 76.1 and 73.7 shares issued, and 56.8 and 55.9 shares outstanding, respectively	76.1	73.7
Additional paid-in capital	1,056.0	940.4
Retained earnings	906.0	676.9
Accumulated other comprehensive loss	(7.9)	(35.4)
Treasury stock, at cost, 19.3 and 17.8 shares, respectively	(872.3)	(776.8)
Total stockholders' equity	1,157.9	878.8
Total liabilities and stockholders' equity	$ 1,615.5	$ 1,400.2

Consolidated Statements of Operations

Twelve months ended December 31, *(in millions, except per share information)*	**2009**	2008	2007
Net sales	$ 1,321.4	$ 1,237.7	$ 1,091.1
Cost of goods sold	399.1	419.6	378.2
Gross profit	922.3	818.1	712.9
Selling, general and administrative expenses	508.8	480.6	418.0
Research and development expenses	175.5	139.2	122.3
Special (gains) charges, net (Note 3)	(63.8)	25.1	23.3
Interest expense	2.7	7.2	9.1
Interest income	(1.6)	(6.1)	(7.7)
Other (income) expense, net (Note 14)	(3.7)	7.7	(1.9)
Income before provision for income taxes	304.4	164.4	149.8
Provision for income taxes	75.3	35.5	36.8
Net Income	$ 229.1	$ 128.9	$ 113.0
Share information (Note 2):			
Earnings per share:			
Basic	$ 4.07	$ 2.31	$ 1.97
Diluted	$ 3.90	$ 2.19	$ 1.87
Weighted-average number of common shares outstanding:			
Basic	56.3	55.8	57.3
Diluted	58.7	59.6	62.7

Consolidated Statements of Cash Flows

Twelve months ended December 31, *(in millions)*	2009	2008	2007
Cash flows from operating activities			
Net income	$ 229.1	$ 128.9	$ 113.0
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	58.7	55.6	54.8
Stock-based compensation (Notes 2 and 12)	28.3	28.7	27.7
Deferred income taxes	(4.0)	(23.5)	(5.6)
Special (gains) charges, net (Note 3)	(75.5)	25.4	14.9
(Gain) loss on trading securities	(3.3)	4.9	0.3
(Gain) loss on investments	(0.5)	3.0	0.7
Other	0.8	(0.3)	1.5
Changes in operating assets and liabilities:			
Accounts and other receivables, net (Note 5)	(58.9)	(61.1)	(6.6)
Accounts receivable securitization (Note 5)	7.3	(7.4)	11.9
Inventories, net	(13.1)	(17.8)	(9.0)
Accounts payable and accrued liabilities	(23.9)	32.9	14.0
Prepaid expenses and other current assets	7.6	(3.3)	(5.8)
Other	12.7	(12.8)	1.3
Net cash provided by operating activities	165.3	153.2	213.1
Cash flows from investing activities			
Capital expenditures	(64.0)	(50.6)	(57.0)
Proceeds from sale of assets (Note 3)	97.9	97.0	7.2
Proceeds from short-term investments (Note 2)	11.4	35.5	4.9
Investments in unconsolidated affiliates	(5.8)	(1.1)	(3.9)
Proceeds from unconsolidated affiliates	2.3	5.5	1.4
Investments in trading securities, net	(1.6)	(0.2)	(2.0)
Transfer to short-term investments (Note 2)	—	—	(55.0)
Investments in intangible assets	—	(27.4)	(5.5)
Acquisitions and milestone payment (Notes 3 and 6)	—	—	(37.0)
Other	(0.1)	0.1	(0.5)
Net cash provided by (used in) investing activities	40.1	58.8	(147.4)
Cash flows from financing activities			
Payments on long-term debt	(213.9)	(112.1)	(85.2)
Proceeds from issuance of long-term debt	129.3	206.3	57.3
Purchases of treasury stock	(95.5)	(306.5)	(130.9)
Proceeds from stock plans	66.7	63.8	38.7
Excess tax benefit from stock plans (Notes 2 and 12)	20.6	14.9	8.6
Other	1.0	(0.5)	3.4
Net cash used in financing activities	(91.8)	(134.1)	(108.1)
Effect of currency exchange rate changes on cash and cash equivalents	1.8	(1.0)	1.4
Net increase (decrease) in cash and cash equivalents	115.4	76.9	(41.0)
Cash and cash equivalents at beginning of year	218.7	141.8	182.8
Cash and cash equivalents at end of year	$ 334.1	$ 218.7	$ 141.8
Supplemental disclosures:			
Cash paid during the year for:			
Interest	$ 2.7	$ 7.3	$ 9.0
Income taxes	$ 34.2	$ 37.2	$ 31.0
Non cash transaction:			
Issuance of common shares in redemption of convertible debt (Note 9)	$ —	$ 147.7	$ —

Consolidated Statements of Stockholders' Equity & Comprehensive Income (Loss)

(in millions)	Common Stock Shares	Common Stock Par Value	Treasury Stock Shares	Treasury Stock Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total	Comprehensive Income (Loss)
Balance at December 31, 2006	67.0	$ 67.0	9.3	$ (339.4)	$ 603.7	$ 433.9	$(15.8)	$ 749.4	
Comprehensive income									
Net income						113.0		113.0	$ 113.0
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							19.1	19.1	19.1
Unrealized loss on cash flow hedges							(6.2)	(6.2)	(6.2)
Unrealized gain on available-for-sale investments							6.1	6.1	6.1
Defined benefit pension plans:									
Net prior service cost							2.5	2.5	2.5
Net gain							1.8	1.8	1.8
Cumulative effect of the adoption of new accounting guidance on uncertain tax positions						1.7		1.7	
Common stock issued under equity plans	1.6	1.6			37.1			38.7	
Tax benefit related to equity plans					12.1			12.1	
Stock-based compensation expense					27.7			27.7	
Purchase of treasury stock			2.7	(130.9)				(130.9)	
Balance at December 31, 2007	68.6	68.6	12.0	(470.3)	680.6	548.6	7.5	835.0	$136.3
Comprehensive income									
Net income						128.9		128.9	$128.9
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							(24.2)	(24.2)	(24.2)
Unrealized gain on cash flow hedges							4.9	4.9	4.9
Unrealized loss on available-for-sale investments							(13.2)	(13.2)	(13.2)
Defined benefit pension plans:									
Net prior service cost							(0.3)	(0.3)	(0.3)
Net loss							(10.1)	(10.1)	(10.1)
Effects of changing the pension plan measurement date:									
Service and interest cost, and expected return on plan assets for November 1 – December 31, 2007, net of tax						(0.6)		(0.6)	
Common stock issued under equity plans	2.4	2.4			61.4			63.8	
Issuance of shares for convertible debt	2.7	2.7			145.0			147.7	
Tax benefit related to equity plans					20.8			20.8	
Tax benefit due to redemption of convertible debt and other					3.9			3.9	
Stock-based compensation expense					28.7			28.7	
Purchase of treasury stock			5.8	(306.5)				(306.5)	
Balance at December 31, 2008	73.7	73.7	17.8	(776.8)	940.4	676.9	(35.4)	878.8	$ 86.0
Comprehensive income									
Net income						229.1		229.1	$ 229.1
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							17.3	17.3	17.3
Unrealized loss on cash flow hedges							(3.5)	(3.5)	(3.5)
Unrealized gain on available-for-sale investments							4.7	4.7	4.7
Defined benefit pension plans:									
Net gain (Note 13)							9.0	9.0	9.0
Common stock issued under equity plans	2.4	2.4			64.3			66.7	
Tax benefit related to equity plans					22.8			22.8	
Tax benefit due to redemption of convertible debt					0.2			0.2	
Stock-based compensation expense					28.3			28.3	
Purchase of treasury stock			1.5	(95.5)				(95.5)	
Balance at December 31, 2009	76.1	$ 76.1	19.3	$ (872.3)	$1,056.0	$ 906.0	$ (7.9)	$ 1,157.9	$256.6

Reconciliation of GAAP to 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 or newly acquired 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 has also reflected the impact of the Financial Accounting Standards Board Accounting Standards Codification Topic 718 "Compensation-Stock Compensation" ("ASC 718"), as if these provisions had been applied in prior years 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 (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.

Reconciliation of GAAP to Non-GAAP Financial Information

Twelve months ended December 31, *(in millions, except per share data)*	**2009**	2008	2007	2006	2005
GAAP net income	$ 229.1	$ 128.9	$ 113.0	$ 130.5	$ 79.3
Reconciling items:					
Gross profit	(4.1)	4.7	—	2.0	—
Purchased in-process research & development expenses	—	—	—	—	1.2
Special charges (gains):					
Milestone receipt and net gain on sale of assets	(84.1)	(14.9)	(1.8)	(13.7)	(14.1)
Charitable fund contribution	15.0	—	—	—	15.0
Settlements and litigation	3.8	0.6	—	(19.0)	2.9
Adjustment to capitalized patent enforcement costs	3.7	8.2	—	—	—
Sale of distribution rights	(2.8)	—	—	—	—
Investment impairments	1.6	—	—	—	16.3
Reserve reversal	(1.0)	—	—	—	—
Acquisition of in-process technology and intellectual property	—	19.5	—	—	—
DexCom collaboration agreement	—	13.4	—	—	—
Realignment expenses, net	—	(1.7)	13.9	9.4	3.9
Pension settlement and adjustment	—	—	11.2	—	—
PVT milestone payment	—	—	—	10.0	—
Discontinued products	—	—	—	6.8	1.4
Restructure 3F Therapeutics agreements	—	—	—	2.0	22.8
Stock option expense under ASC 718, net of tax	—	—	—	—	(14.3)
Benefit (provision) for income taxes:					
Tax effect on non-GAAP adjustments	17.8	1.7	(6.9)	6.6	(11.5)
Tax benefit from audit settlements and reversal of valuation allowances	—	(10.1)	—	(6.9)	(8.0)
Repatriation taxes	—	—	—	—	15.8
Non-GAAP net income	$ 179.0	$ 150.3	$ 129.4	$ 127.7	$ 110.7
Non-GAAP earnings per share:					
Basic non-GAAP earnings per share	$ 3.18	$ 2.69	$ 2.26	$ 2.18	$ 1.86
Diluted non-GAAP earnings per share	$ 3.05	$ 2.55	$ 2.13	$ 2.06	$ 1.76
Weighted average shares outstanding:					
Basic	56.3	55.8	57.3	58.5	59.6
Diluted	58.7	59.6	62.7	63.9	65.0

Non-GAAP Free Cash Flow

Twelve months ended December 31, *(in millions)*	**2009**	2008	2007	2006	2005
Net cash provided by operating activities	$ 165.3	$ 153.2	$ 213.1	$ 232.7	$ 136.8
Capital expenditures	(64.0)	(50.6)	(57.0)	(57.4)	(48.5)
Reconciling items:					
Japan securitization program termination	39.0	—	—	—	—
Tax payment related to Bard milestone	22.8	—	—	—	—
Charitable fund contribution	15.0	—	—	—	15.0
U.S. securitization program termination	—	50.0	—	—	—
Tax settlement payment	—	13.0	—	—	—
Litigation settlement	—	—	—	(23.8)	—
Restructure 3F agreements	—	—	—	—	22.8
Non-GAAP Free Cash Flow	178.1	$ 165.6	$ 156.1	$ 151.5	$ 126.1

Non-GAAP Net Sales Growth

Twelve months ended December 31,	**2009**	2008	2007	2006	2005
GAAP sales growth rate	6.8%	13.4%	5.2%	3.9%	7.1%
Impact of discontinued, newly acquired and other products	2.9%	2.6%	4.7%	1.8%	2.9%
Impact of foreign exchange	1.4%	(4.0%)	(3.3%)	0.6%	(0.8%)
Non-GAAP net sales growth rate	11.1%	12.0%	6.6%	6.3%	9.1%

Note: Numbers may not calculate due to rounding

Executive Management

Michael A. Mussallem
Chairman & Chief Executive Officer

Thomas M. Abate
Corporate Vice President, Chief Financial Officer & Treasurer

Donald E. Bobo Jr.
Corporate Vice President, Heart Valve Therapy

Bruce P. Garren
Corporate Vice President, Government Affairs & General Counsel

John H. Kehl, Jr.
Corporate Vice President, Strategy & Corporate Development

John P. McGrath
Corporate Vice President, Quality

Corinne H. Nevinny
Corporate Vice President, Cardiac Surgery Systems, Vascular

Paul C. Redmond
Corporate Vice President, Global Corporate Operations

Robert C. Reindl
Corporate Vice President, Human Resources

Stanton J. Rowe
Corporate Vice President, Advanced Technology & Chief Scientific Officer

Carlyn D. Solomon
Corporate Vice President, Critical Care

Patrick B. Verguet
Corporate Vice President, Europe

Huimin Wang, M.D.
Corporate Vice President, Japan & Intercontinental

Larry L. Wood
Corporate Vice President, Transcatheter Valve Replacement

Corporate Information

CORPORATE HEADQUARTERS
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One Edwards Way, Irvine, California 92614
(800) 4-A-HEART or (949) 250-2500
www.edwards.com

ANNUAL MEETING
The Annual Meeting of Stockholders will be held on May 13, 2010 at 10:00 a.m. (Pacific) at the offices of Edwards Lifesciences Corporation, One Edwards Way, Irvine, CA 92614.

SEC FORM 10-K
A copy of Edwards Lifesciences' annual report to the Securities and Exchange Commission on Form 10-K is available on the company's web site at www.edwards.com or upon request to the Investor Relations department at (949) 250-2806.

STOCK SYMBOL
EW LISTED NYSE
Edwards Lifesciences' stock is traded on The New York Stock Exchange (NYSE) under the symbol EW.

INFORMATION ON THE INTERNET
Edwards Lifesciences' web site at www.edwards.com provides access to a wide range of information for our customers, patients and stockholders. Persons interested in investing in Edwards Lifesciences are invited to visit the "Investor Relations" section of our web site to access our press releases, SEC filings and other company information.

CORPORATE PUBLIC RELATIONS
Members of the news media should call (949) 250-5070.

INVESTOR INFORMATION
Shareholders, securities analysts and investors seeking additional information about Edwards Lifesciences should contact:
David K. Erickson
Vice President, Investor Relations
(949) 250-2806 Phone (949) 756-4515 Fax
investor_relations@edwards.com

ANALYST COVERAGE
For a list of research firms and analysts who cover Edwards Lifesciences, please visit the Investor Relations section of the company's web site at www.edwards.com.

TRANSFER AGENT
Correspondence about share ownership, account status, the transfer or exchange of shares, lost stock certificates, duplicate mailings or change of address may be directed to:
Computershare Investor Services
P.O. Box 43069, Providence, Rhode Island 02940-3069
(800) 446-2617 Hearing impaired # TDD: (800) 952-9245
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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP, Orange County, CA

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Edwards Lifesciences is an affirmative action, equal opportunity employer.

IN MEMORY OF DR. WILLIAM GANZ

In 2009, Dr. William Ganz, one of Edwards' legacy founders and most trusted clinical partners passed away at the age of 90.

Dr. Ganz' life and career were full of incredible accomplishments. He graduated from the Charles School of Medicine in Prague in 1945 at the top of his class. In 1951, he was appointed as the Director of Coronary Research at the Cardiovascular Research Institute in Prague, and in 1960, he received his PhD from the Czechoslovakia Academy of Sciences. In 1966, Dr. Ganz left the country with his family and headed to the United States. Through the help of a friend, he joined the fledgling Division of Cardiology at the Cedars-Sinai Medical Center, becoming the Senior Research Scientist and Cardiologist.

At Cedars-Sinai, Dr. Ganz partnered with another of Edwards' legacy founders, Dr. Jeremy Swan, to develop the monitoring technology that would be placed inside a catheter, and in 1969, the Swan-Ganz balloon flotation pulmonary artery catheter was launched. It was a device that revolutionized the evaluation of patients with both acute and chronic heart failure. The Swan-Ganz catheter also prompted tremendous advances in the field of cardiac physiology and the practice of hemodynamic monitoring. While we continue to look for less-invasive ways to monitor critically ill patients, the Swan-Ganz catheter is still an extremely important diagnostic tool, and remains the gold standard to this day.

In 1992, Dr. Ganz was awarded the Distinguished Scientist Award of the American College of Cardiology, and was the 1995 recipient of the Walter Bleifeld Memorial award for distinguished work in the field of Clinical Research. He will be fondly remembered as a special, unselfish and gifted man, who we sincerely thank for his many contributions to patient care around the world.

TRADEMARKS

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CERTIFICATION

On June 8, 2009, Edwards Lifesciences submitted to the New York Stock Exchange a certification signed by its Chief Executive Officer that as of June 5, 2009 he was not aware of any violation by Edwards Lifesciences of the NYSE corporate governance listing standards. In addition, the certifications signed by the Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act were filed as an exhibit to Edwards Lifesciences' Annual Report on Form 10-K for the fiscal year ended December 31, 2009.

Our Credo

At Edwards Lifesciences, we are dedicated to providing innovative solutions for people fighting cardiovascular disease. Through our actions, we will become trusted partners with customers, colleagues and patients creating a community unified in its mission to improve the quality of life around the world. Our results will benefit customers, patients, employees and shareholders. We will celebrate our successes, thrive on discovery and continually expand our boundaries. We will act boldly, decisively and with determination on behalf of people fighting cardiovascular disease. Helping Patients is Our Life's Work, and Life is Now.

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