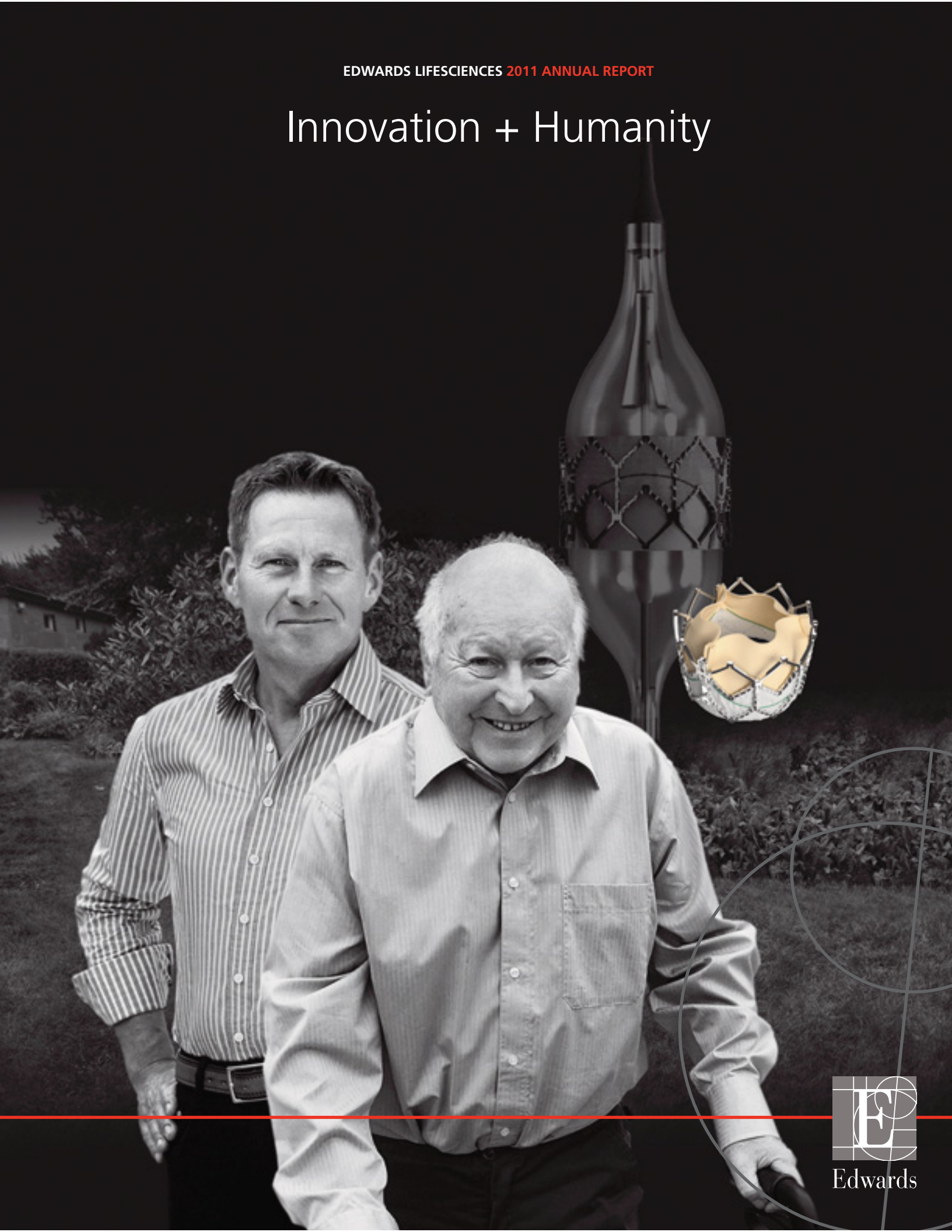
EDWARDS LIFESCIENCES 2011 ANNUAL REPORT

Innovation + Humanity



Edwards

SELECTED **OPERATING INFORMATION**

Twelve months ended December 31 (in millions)	**2011**	2010	2009
Net sales	**$1,678.6**	$1,447.0	$1,321.4
Cost of goods sold	**489.8**	408.3	399.1
Gross profit	**1,188.8**	1,038.7	922.3
Selling, general and administrative expenses	**642.4**	550.0	508.8
Research and development expenses	**246.3**	204.4	175.5
OPERATING STATISTICS			
As a percentage of net sales:			
Gross profit	**70.8%**	71.8%	69.8%
Selling, general and administrative expenses	**38.3%**	38.0%	38.5%
Research and development expenses	**14.7%**	14.1%	13.3%
Operating margin[(a)]	**17.9%**	19.6%	18.0%

(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 the fiscal year ended December 31, 2011.

Edwards Lifesciences is the global leader in the science of heart valves and hemodynamic monitoring. Driven by a passion to help patients, we partner with clinicians to develop innovative technologies in the areas of structural heart disease and critical care monitoring that enable them to save and enhance lives. We believe Edwards' blend of innovation and humanity is what sets us apart and makes us unique.

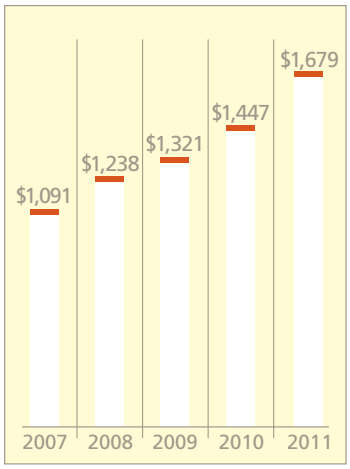
FRONT COVER

Dr. Henning R. Andersen and his father, Jørgen, provide a vivid example of how innovators can directly impact the lives of patients all around the world – and even close to home. Dr. Andersen is one of the pioneers in the development of transcatheter heart valves. His breakthrough came in 1989 when his team performed the first preclinical implantation of a balloon-expandable transcatheter heart valve – transformational therapy that 22 years later ended up saving his own father's life. To read more about the Andersens' story, please visit our online annual report at **edwards.com.**

The financial figures below are presented on a GAAP basis, unless accompanied by the terms "underlying" or "excluding special items," which refer to non-GAAP financial measures. For a reconciliation of GAAP to non-GAAP figures, refer to pages 20 and 21.

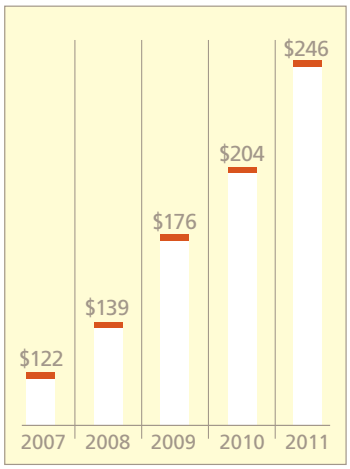
NET SALES

In 2011, global sales of our transcatheter valve technology drove 11.6% underlying growth in total net sales. We believe this technology has the potential to drive significant future growth.



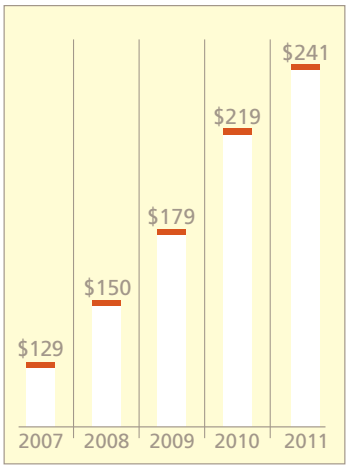
R&D INVESTMENT

Edwards increased research and development investment 20.5% in 2011, primarily to extend our global leadership in transcatheter valve therapies.



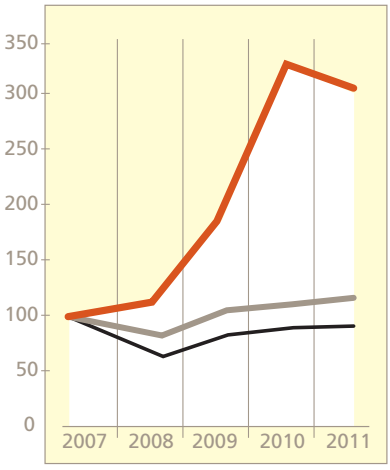
NON-GAAP NET INCOME

In 2011, Edwards achieved year-over-year net income growth of 10.1%, excluding special items, while making significant investments for the future.



STOCK PERFORMANCE*

Over the past five years, Edwards' stock price has increased 201%, outperforming the S&P 500 and the company's medical products peer group.



EW	100	98	117	185	344	301
RXP	100	103	82	102	109	115
S&P 500	100	104	64	79	189	89

■ Edwards Lifesciences Corp.
■ Morgan Stanley Healthcare Products (RXP)
■ S&P 500

*Cumulative total return based upon an initial investment of $100 on December 31, 2006, with dividends reinvested.

A Letter To Our Shareholders

FROM **MICHAEL A. MUSSALLEM,** CHAIRMAN & CHIEF EXECUTIVE OFFICER

I'm very proud that while the global economic climate was challenging in 2011, and the healthcare industry certainly felt some of these pressures, Edwards Lifesciences delivered another year of strong performance. We

Innovation + Humanity

truly believe that it is our focus on innovation to address unmet patient needs that continues to create value for all of our stakeholders: patients, clinicians, employees and shareholders. Our actions and our endeavors are always guided by the values of both humanity and innovation.

A significant achievement this year, which I am particularly proud of, is making our life-saving transcatheter valve technology commercially available to many inoperable patients in the United States. When I reflect on how many years it took to get us to this point, I am reminded of the patients whose lives we touch, and the stories we have the privilege of sharing. The patients we profile in the following pages, illustrated through stories of second chances, provide insight into what fuels our passion and commitment.

DRIVING GROWTH AND VALUE FOR SHAREHOLDERS

The year 2011 was one of investment for the company to position us well for continued success. We made significant investments to prepare for the U.S. launch of the Edwards SAPIEN valve, which extends our global leadership in transcatheter heart valve technology. We developed a rigorous clinical training program that promotes teamwork among cardiac surgeons and interventional cardiologists, and emphasizes excellent clinical results. To support expected growth, we expanded our heart valve manufacturing capacity, and made additional enhancements to our infrastructure, including our information and quality systems. These investments, plus a 20 percent increase in research and development, moderated our earnings growth, yet we still grew net income nearly nine percent, which was above our original expectations.

For the year, we achieved net sales of $1.68 billion, which represented a 12 percent underlying growth rate. Our gross profit margin remained strong, and we grew diluted earnings per share 10 percent, excluding special items. We also generated $232 million in free cash flow, which strengthened our already solid balance sheet. Our board of directors authorized a new share repurchase program to acquire up to an additional $500 million of the company's outstanding common shares, which affords us another opportunity to return value to our shareholders and reflects our positive long-term outlook for the company.

During the year, Heart Valve Therapy sales grew 16 percent on an underlying basis, which included a more than 50 percent growth in transcatheter heart valves to $334 million. While surgical valve procedure growth was moderated by global economic headwinds in 2011, surgeons worldwide continued to adopt our newest premium products, including the Carpentier-Edwards PERIMOUNT Magna Ease valve.

We continue to make substantial progress with our EDWARDS INTUITY valve system, a rapid deployment alternative to traditional valve replacement. During the year, we completed our TRITON clinical trial in Europe and were pleased that the results demonstrated a high procedural success rate and patient outcomes comparable to treatment with standard surgical aortic valve replacement. We believe that the EDWARDS INTUITY valve system has the potential to become the standard of care in surgical heart valve replacement in the long term.

We remain very committed to advancing the surgical treatment of heart valve disease through less invasive means and are making investments in our Cardiac Surgery Systems franchise to support these efforts. Many of our heart valve technologies are developed with input from leading cardiac surgeons who are important partners in the development and advancement of therapies that address the needs of patients worldwide.

TRANSCATHETER HEART VALVES LEADING THE MARKET

FDA approval of our Edwards SAPIEN transcatheter valve for inoperable patients in the U.S. was a tremendous milestone for Edwards in 2011. Also during the year, the results from our study of high-risk patients in The PARTNER Trial were published in the *New England Journal of Medicine,* which demonstrated that survival of patients treated with the Edwards SAPIEN valve was equivalent to those treated with surgical aortic valve replacement. We continue to glean insights from our rigorous clinical, economic and quality of life studies, which are helping to advance this therapy and providing learnings that are expected to improve patient outcomes. We believe that our next-generation technologies have the potential to further improve the results we are seeing, and we are continuing to explore new ways to apply this transformational transcatheter valve technology to other unmet patient needs.

This year marked the fourth year of commercialization of our transcatheter valve technology in Europe, and sales there continued to grow rapidly. Strong demand demonstrated the need for this therapy, and the majority of our growth was driven by patients who had limited treatment options. Sales in 2011 were assisted by our enhanced product portfolio, including our new 29 millimeter Edwards SAPIEN XT valve for transapical delivery that was launched earlier in the year. Additionally, our eSheath expandable sheath technology and NovaFlex+ transfemoral delivery system both received CE Mark during the year. These new systems were designed to improve ease-of-use and help reduce procedural complications.

Our Edwards SAPIEN XT valve continues to enjoy very high rates of procedural success and adoption outside the U.S. This past year, we received approval to expand our U.S. PARTNER II trial, which studies this valve, to an even broader group of patients who are at elevated risk for open-heart surgery. In early 2012, we completed enrollment in the inoperable portion of our study. We are also making good progress toward making this low-profile valve available to patients in Japan, where we have completed enrollment in our clinical trial and are collecting follow-up data.

Our Critical Care franchise has continued to experience steady growth year after year. In 2011, we saw underlying growth of seven percent, driven mainly by robust adoption of our advanced monitoring product portfolio, and continued share gains of pressure monitoring products. Additionally, we launched our EV1000 clinical monitoring platform in the U.S., and clinician feedback continues to be very positive. We remain confident that it can become a best-in-class

device and contribute to Critical Care's continued growth. We also made meaningful design enhancements to our GlucoClear in-hospital blood glucose monitoring platform to further improve ease-of-use for clinicians. We are committed to offering innovative solutions like these, which we believe help bring clarity in complex therapeutic decision-making and help clinicians better manage patients in a demanding hospital setting.

As we grow, Edwards continues to attract talented people. We were fortunate to bring a large number of new employees on board this year and continue to expand our teams to meet our growing needs. We take pride in our employees who collectively make it possible to help critically ill patients and those affected by advanced cardiovascular disease worldwide. Our employees not only use their skills to help clinicians around the world save and enhance lives, but also demonstrate a strong commitment to making a positive impact on the communities in which we live and work.

Charitable giving and social responsibility remain important priorities for our company, and we provide opportunities for our employees to volunteer in their communities. Edwards also supports non-profit organizations through The Edwards Lifesciences Fund, and in 2011, the fund granted approximately $4 million to more than 200 non-profit organizations around the world. We believe our contributions are especially meaningful during a time when charitable giving has declined globally.

A TRANSFORMATIONAL 2012 AND BEYOND

The year 2012 is expected to be a transformational year for Edwards. We have a robust pipeline of next-generation technologies that have the potential to further improve patient outcomes. Our strategy to maximize these kinds of high impact innovations is what can drive growing and lasting adoption of Edwards' products. In this respect, we continue to explore and invest in new ways to apply therapies and expand availability to more patients with significant unmet needs.

In 2012, we expect to generate approximately 20 percent underlying growth in total net sales to $1.95 billion to $2.05 billion, and achieve a gross profit margin of 73 to 75 percent. While continuing to invest aggressively in our future, we intend to grow net income 35 to 40 percent, excluding special items, and generate free cash flow of $240 million to $260 million. Also this year, we continue to plan for double digit growth in R&D investments to fuel the many breakthrough and innovative opportunities that we see in structural heart disease and critical care technologies.

We continue to anticipate a mid-year FDA approval of our Edwards SAPIEN valve for high-risk patients – making this therapy available to a broader group of U.S. patients than those being treated under our current indication. We are also moving closer towards bringing our Edwards SAPIEN XT valve to more patients around the world. And, we plan to begin CE Mark trials for two exciting new low-profile transcatheter heart valve platforms, Edwards SAPIEN 3 and Edwards CENTERA, which are designed to further improve outcomes. Transcatheter valve technology continues to be a significant opportunity that encompasses many layers of potential growth for Edwards – now and in the years ahead.

We wholeheartedly believe that if we are doing good things for patients, we create value. We trust our innovation strategy and continue to believe that when we place patients' needs at the forefront, our results

will benefit not only the patient, but our customers, employees and shareholders as well. Edwards will continue to serve the unmet needs of patients around the world, including in emerging markets where we hope to make our therapies accessible to more patients in need. We know that evidence is increasingly expected of new technologies, and we plan to continue conducting studies that demonstrate clinical significance, as well as cost-effectiveness and quality of life improvement.

Edwards remains committed to strong corporate governance, accountability and the highest standards of quality to ensure that our work consistently reflects our company's Credo. We look forward to many more exciting accomplishments in the future, and feel fortunate that our innovations have positively impacted so many lives. It is this spirit of innovation and humanity that continues to drive the employees of Edwards Lifesciences. We thank you for your continued trust, partnership and support.

Sincerely,

Michael A. Mussallem
Chairman and Chief Executive Officer

To supplement its consolidated financial results prepared in accordance with generally accepted accounting principles ("GAAP"), the Company uses non-GAAP 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. The Company also refers to net income, net income growth and earnings per share, "excluding special items," which excludes gains and losses from special items such as significant investments, litigation and business development transactions. The Company defines free cash flow as cash flow from operating activities less capital expenditures. For more information and a reconciliation of GAAP to non-GAAP figures, please refer to pages 20 and 21 of this report.

Caution: The Edwards SAPIEN XT and NovaFlex+ are investigational devices in the U.S., limited by U.S. federal law to investigational use. The EDWARDS INTUITY valve system, GlucoClear, eSheath, Edwards SAPIEN 3 and Edwards CENTERA transcatheter heart valves are not available for commercial sale in the U.S.

Developing **INNOVATIVE TECHNOLOGIES** is one of the things that we believe has been key to the success of Edwards Lifesciences.

Since becoming an independent public company, we have purposefully increased our investment in research and development each year. The result is a robust product pipeline containing some truly transformational technologies that we believe provide an opportunity for sustainable long-term growth. Tremendous unmet needs still exist in the areas of structural heart disease and critical care monitoring, and Edwards remains committed to positively impacting the lives of patients.

Maintaining our leadership position in the rapidly growing field of transcatheter heart valves is critical to Edwards' long-term success. Two recently unveiled transcatheter valve platforms build on the Edwards SAPIEN platform and address some of the limitations of products available today. The Edwards SAPIEN 3 transcatheter valve is a low profile balloon-expandable valve designed to reduce paravalvular leak. The Edwards CENTERA transcatheter heart valve is a low profile, repositionable self-expanding valve with a motorized delivery system allowing single operator use. European clinical trials for both of these new products are expected to commence in 2012.

Technology + Opportunity

Edwards' leadership in the surgical replacement of heart valves is based on our differentiated technology and a commitment to continual innovation. Leveraging the proven design of Edwards' pericardial valve platform, the EDWARDS INTUITY valve system features an innovative balloon-expandable frame, which is designed to facilitate small incision surgery and rapid valve deployment to reduce procedure times for patients. To build on the early favorable performance and procedural success rates reported thus far, Edwards will conduct further studies of this new product in 2012.

Edwards' critical care products provide vital information to guide the complex therapeutic decision making in operating rooms and intensive care units. The award-winning, user-friendly display of our EV1000 clinical platform, recently introduced in the U.S., presents a patient's physiologic status in an innovative and intuitive way to help clinicians improve patient outcomes and better manage the use of costly hospital resources. In 2012, we plan to introduce a next-generation version of this platform.

Caution: The Edwards SAPIEN 3 and CENTERA valve systems are investigational devices and are not available for commercial sale in the U.S. The EDWARDS INTUITY valve system is not available for commercial sale in the U.S.

Edwards Lifesciences is dedicated to **IMPROVING THE QUALITY OF LIFE** around the world by developing innovative medical technologies that save and protect lives. **s Lifesciences is dedicated toTf14 0 0 14**

THE EMPLOYEES OF EDWARDS LIFESCIENCES SHARE IN A SINGULAR MISSION OF HELPING PATIENTS.

Their skill and dedication fuel our ability to help critically ill patients and those affected by the number one killer in the world – cardiovascular disease. Each of our employees is dedicated to furthering the Edwards vision to help clinicians, patients and their families work together as a united community to improve the quality of life around the globe.

People + Dedication

Edwards offers its employees the opportunity to apply their talents to complex challenges, while engaging and collaborating with colleagues across different departments, product lines and geographies. At Edwards, whether working in research and development, manufacturing, quality systems or other important areas, our employees are a critical link in the chain of people helping patients around the world.

ONLY A FEW PEOPLE REALLY KNOW
WHAT A SECOND CHANCE CAN MEAN. WHEN IT'S YOUR LIFE,
IT'S EVERYTHING.

"Second Chances"

Innovation + Humanity

For Edwards Lifesciences, every innovation starts with a human inspiration. We thrive on discovery and our strategy is based on continuous innovation. But we don't believe in "innovation for innovation's sake." We endeavor to deliver meaningful technologies that drive real advances in patient care. We continually strive to expand our boundaries, enabling us to develop new therapies that solve unmet clinical needs. At the heart of Edwards is a culture that is dedicated and determined to help patients. It is a culture built on developing lasting and trusted partnerships with all of our stakeholders – one of integrity, character, and most of all, a passion and caring for all that we do at Edwards. It is how we do what we do. This blend of innovation and humanity is what we believe sets us apart from our competitors and makes us uniquely "Edwards." It is the commitment Edwards makes to everyone with whom we engage. We are honored to share with you stories from some of the patients whose lives we have had the privilege to touch – and offer a second chance at life.

VISIT OUR ONLINE ANNUAL REPORT FOR MORE PATIENT STORIES
edwards.com

CONNIE

FORMER PROFESSIONAL ROLLER SKATER, MOTHER, BREAST CANCER SURVIVOR

A professional roller skater in her teens and 20s, Connie had toured the world entertaining audiences. She later married and had two children and, in her 30s, battled breast cancer – but the commonly accepted treatment at the time, cobalt radiation, left her ribs extraordinarily brittle, necessitating surgery to remove several ribs and transplant skin and muscle to protect her heart and lungs. When she began experiencing symptoms of severe aortic stenosis in her late 70s, including breathlessness and tiring during her usual daily activities, she learned that her aortic valve needed to be replaced. But the previous reconstructive surgery meant traditional open-heart surgery was not an option. Connie and her doctor found a treatment solution in transcatheter valve replacement with the Edwards SAPIEN transcatheter heart valve, and Connie had her valve replaced via the transfemoral approach.

"I HAVE A BRAND NEW HEART – BECAUSE ALL IT NEEDED WAS THE AORTIC VALVE. AND IT'S GOT IT.

I feel great today.

I wouldn't be here today if it weren't for the valve."

HEATHER, CONNIE'S DAUGHTER

"At one point, we noticed that my mom was getting out of breath. She needed to have a new aortic valve put in to replace the deteriorating one – and my mom is put together with duct tape and Lincoln Logs. You can't really open up her chest. After the procedure, the difference was incredible. She's back to teaching three Bible studies a week, she's out in the garden and she's just being her old self again. Because of Edwards, I have my mom back."

Edwards SAPIEN Transcatheter Heart Valves

Edwards leads the development of new investigative therapies designed for the non-surgical replacement of heart valves. The Edwards SAPIEN transcatheter heart valve offers an important treatment option for patients diagnosed with severe symptomatic native aortic valve stenosis considered too high-risk for conventional valve replacement, allowing clinicians to deliver a valve via a catheter, thus eliminating the need for traditional open-heart surgery. The Edwards SAPIEN transcatheter heart valve has been commercially available in Europe since 2007 and was approved for use in certain non-operable patients in the U.S. in 2011. The Edwards SAPIEN XT valve, now the leading transcatheter heart valve in Europe, is currently in clinical trials in the U.S. For more information on the Edwards SAPIEN XT transcatheter valve, please see our patient story on Jørgen Andersen online at **edwards.com.**

Caution: The Edwards SAPIEN XT valve is an investigational device in the U.S. and not available for commercial sale.

Connie

EDWARDS SAPIEN TRANSCATHETER AORTIC HEART VALVE RECIPIENT

As a member of the Skating Vanities at 16, Connie traveled the world. At 78, she was an active member of her community when diagnosed with aortic stenosis. "At the hospital they showed me an image of my heart with the valve in place and it looked just like a crown – it was magnificent."

CRAIG

MARATHON RUNNER, OUTDOOR ENTHUSIAST, FAMILY MAN

In his 40s and early 50s, Craig ran eight marathons and counted among his life experiences many other physical challenges he had taken on with his wife, son and daughter: rock climbing, hang-gliding and skiing. But in the spring of 2011, he had no idea that one of the toughest endeavors lay ahead of him. As a result of a viral infection, Craig developed endocarditis. And, because it lingered undiagnosed, the infection created a hole in his aortic valve, requiring its replacement. Craig and his surgeon together decided a tissue valve best suited his active lifestyle, and he received the Edwards Magna Ease bovine pericardial heart valve. Only four months later, Craig and his wife of 31 years, Sherri, together ran a half-marathon, and he looks forward to climbing one of the world's tallest peaks with his son.

"WITHIN A COUPLE OF DAYS, I WAS DOING LAPS AROUND THE CARDIO WARD AND THROUGH ICU.

Within a couple of weeks, I was able to walk 10, 15 miles.

Because of Edwards,

I have a full life

– a life I can share with my family and friends."

SHERRI, CRAIG'S WIFE

"Craig has always been healthy, and he continues to be my inspiration. If he didn't have that surgery then, he could have died. It's a big change in our life. I don't think there's anything we can't do now."

Carpentier-Edwards PERIMOUNT Magna Ease Aortic Heart Valve

The advanced, low-profile Carpentier-Edwards PERIMOUNT Magna Ease aortic valve adds enhanced implantability to the outstanding hemodynamics of the Magna valve platform – setting a new standard for tissue valve performance. Built on the proven performance of PERIMOUNT aortic valves, with more than 27 years of clinical experience, both the Magna Ease and Magna Mitral Ease valves offer options for enhanced implantability through smaller incisions. Less invasive surgery can offer several advantages including less pain, faster recovery and smaller, less visible scarring. The Magna Ease valve platform provides surgeons with an important treatment option for patients with heart valve disease who desire a less-invasive approach.

Craig

CARPENTIER-EDWARDS PERIMOUNT MAGNA EASE AORTIC HEART VALVE RECIPIENT

An avid outdoor enthusiast, Craig is thankful and thrilled to be enjoying his passions once again: rock climbing, hang-gliding and running.

Michael

EDWARDS EV1000 CLINICAL PLATFORM & VOLUMEVIEW SET PATIENT

The EV1000 clinical platform and VolumeView set were used to assess and monitor Michael's cardiac condition and, according to his doctor, were essential in enabling the best treatment of his condition.

MICHAEL

HUSBAND AND AVID CAMPER

Michael spent his 35th wedding anniversary and his 63rd birthday in the hospital – not exactly what he had planned. After suffering a cardiac arrest at home in southeast England, paramedics resuscitated Michael and rushed him to intensive care where he was hospitalized for 30 days. Advanced hemodynamic monitoring was used to assess and monitor his cardiac condition, and was essential in allowing Michael's physicians and nurses to give his heart and the rest of his vital organs the best chance of recovery. His doctors and nurses were able to intervene much earlier than usual given the critical information they received from the EV1000 clinical platform and VolumeView set. Michael's family could easily see that he was recovering quickly, which provided them with much needed relief and comfort. Michael now looks forward to camping in the countryside once again with his wife.

"MY WIFE AND I LIKE TO TAKE WALKS IN THE COUNTRYSIDE.

We're looking forward to camping this spring and

getting back to living again."

DR. ANGUS TURNER, FFICM

CONSULTANT IN ANESTHESIA AND INTENSIVE CARE CLINICAL LEAD, MAIDSTONE ICU, UK

"Given the information from the monitoring system, I was able to intervene in Michael's case much earlier that I would have otherwise. The set-up of the system was very impressive, particularly the interface of EV1000. Having the VolumeView information on the same display has made it incredibly user-friendly for doctors and nurses. The numbers are the same, but the interface is dramatically better and has given me much more confidence when implementing protocols."

Edwards EV1000 Clinical Platform

In late 2010, Edwards launched the EV1000 clinical platform in Europe, followed by a U.S. introduction in 2011. With a touch-screen monitor that displays a patient's physiologic status, as well as color-coded clinical targets and alerts, the EV1000 clinical platform is designed to help clinicians make straightforward decisions in the hospital environment. The company's FloTrac sensor, PediaSat and PreSep oximetry catheters and TruWave disposable pressure transducer also are compatible with this streamlined system. When used with the EV1000 clinical platform, the VolumeView set measures a patient's volumetric hemodynamic parameters and provides more clarity for clinicians treating critically ill patients.

CONSOLIDATED **BALANCE SHEETS**

Set forth on the following pages is certain consolidated financial information of the Company. This information is qualified by the Company's complete financial results and consolidated financial statements, including the notes thereto, as they appear in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission for the fiscal year ended December 31, 2011. A copy of the Form 10-K is available on our web site at edwards.com.

Twelve months ended December 31, (in millions, except par value)	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 171.2	$ 396.1
Short-term investments (Notes 2 and 20)	279.3	—
Accounts receivable, net (Note 4)	283.8	277.3
Other receivables	36.9	25.2
Inventories, net (Note 4)	261.3	203.6
Deferred income taxes	43.9	32.3
Prepaid expenses	35.0	35.4
Other current assets	57.1	62.7
Total current assets	1,168.5	1,032.6
Long-term accounts receivable, net (Note 4)	24.6	—
Property, plant and equipment, net (Note 4)	304.3	269.8
Goodwill (Note 6)	349.8	315.2
Other intangible assets, net (Note 6)	66.9	67.1
Investments in unconsolidated affiliates (Note 7)	21.8	25.0
Deferred income taxes	20.0	44.5
Other assets	24.6	13.0
Total assets	$1,980.5	$1,767.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 85.0	$ 47.6
Accrued liabilities (Note 4)	234.8	226.1
Taxes payable	15.4	22.3
Short-term debt (Note 8)	—	41.8
Total current liabilities	335.2	337.8
Long-term debt (Note 8)	150.4	—
Other long-term liabilities	157.0	121.2
Commitments and contingencies (Notes 8 and 16)		
Stockholders' equity (Note 11)		
Preferred stock, $.01 par value, authorized 50.0 shares, no shares outstanding	—	—
Common stock, $1.00 par value, 350.0 shares authorized, 120.0 and 117.0 shares issued, and 114.1 and 115.0 shares outstanding, respectively	120.0	117.0
Additional paid-in capital	300.5	211.3
Retained earnings	1,360.7	1,124.0
Accumulated other comprehensive loss	(37.5)	(42.1)
Treasury stock, at cost, 5.9 and 2.0 shares, respectively	(405.8)	(102.0)
Total stockholders' equity	1,337.9	1,308.2
Total liabilities and stockholders' equity	$1,980.5	$1,767.2

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED **STATEMENTS OF OPERATIONS**

Twelve months ended December 31, (in millions, except per share information)	2011	2010	2009
Net sales	$1,678.6	$1,447.0	$1,321.4
Cost of goods sold	489.8	408.3	399.1
Gross profit	1,188.8	1,038.7	922.3
Selling, general and administrative expenses	642.4	550.0	508.8
Research and development expenses	246.3	204.4	175.5
Special charges (gains), net (Note 3)	21.6	22.7	(63.8)
Interest expense	3.1	2.4	2.7
Interest income	(3.4)	(0.9)	(1.6)
Other income, net (Note 14)	(4.8)	(8.1)	(3.7)
Income before provision for income taxes	283.6	268.2	304.4
Provision for income taxes (Note 15)	46.9	50.2	75.3
Net income	$ 236.7	$ 218.0	$ 229.1
SHARE INFORMATION (NOTE 2):			
Earnings per share:			
Basic	$ 2.07	$ 1.92	$ 2.04
Diluted	$ 1.98	$ 1.83	$ 1.95
Weighted-average number of common shares outstanding:			
Basic	114.6	113.7	112.5
Diluted	119.4	119.2	117.5

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED **STATEMENTS OF CASH FLOWS**

Twelve months ended December 31, (in millions)	2011	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 236.7	$ 218.0	$ 229.1
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	58.0	56.5	58.7
Stock-based compensation (Notes 2 and 12)	35.0	29.3	28.3
Excess tax benefit from stock plans (Notes 2 and 12)	(6.0)	(55.1)	(20.6)
Deferred income taxes	(0.6)	(11.2)	(10.0)
Special charges (gains), net (Note 3)	21.2	22.7	(75.5)
Loss (gain) on trading securities	1.0	(2.7)	(3.3)
Other	(1.1)	(5.0)	0.3
Changes in operating assets and liabilities:			
Accounts and other receivables, net	(53.7)	(34.2)	(58.9)
Accounts receivable securitization	—	—	7.3
Inventories, net	(57.0)	(36.8)	(13.1)
Accounts payable and accrued liabilities	61.7	63.6	2.7
Prepaid expenses and other current assets	20.6	(2.5)	7.6
Other	(1.3)	8.8	12.7
Net cash provided by operating activities	314.5	251.4	165.3
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(82.9)	(61.8)	(64.0)
Purchases of short-term investments (Notes 2 and 20)	(643.3)	—	—
Proceeds from short-term investments (Notes 2 and 20)	349.9	—	11.4
Acquisition (Note 5)	(42.6)	—	—
Proceeds from sale of assets (Note 3)	3.9	6.6	97.9
Investments in unconsolidated affiliates	(2.3)	(6.9)	(5.8)
Proceeds from unconsolidated affiliates	9.1	2.2	2.3
Investments in intangible assets	(7.7)	(1.2)	—
Proceeds from (investments in) trading securities, net	3.1	(0.4)	(1.7)
Net cash (used in) provided by investing activities	(412.8)	(61.5)	40.1
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on debt	(421.7)	(302.8)	(213.9)
Proceeds from issuance of debt	526.1	254.4	129.3
Purchases of treasury stock	(303.4)	(200.0)	(95.5)
Proceeds from stock plans	59.5	92.1	66.7
Excess tax benefit from stock plans (Notes 2 and 12)	6.0	55.1	20.6
Other	(1.7)	(2.7)	1.0
Net cash used in financing activities	(135.2)	(103.9)	(91.8)
Effect of currency exchange rate changes on cash and cash equivalents	8.6	(24.0)	1.8
Net (decrease) increase in cash and cash equivalents	(224.9)	62.0	115.4
Cash and cash equivalents at beginning of year	396.1	334.1	218.7
Cash and cash equivalents at end of year	$ 171.2	$ 396.1	$ 334.1
SUPPLEMENTAL DISCLOSURES:			
Cash paid during the year for:			
Interest	$ 3.2	$ 2.4	$ 2.7
Income taxes	$ 15.4	$ 14.7	$ 34.2
Non-cash investing and financing transactions:			
Distribution of treasury shares to effect stock split	—	$ 970.3	$ —

The accompanying notes are an integral part of these consolidated financial statements.

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 Stockholders' Equity	Comprehensive Income (Loss)
BALANCE AT DECEMBER 31, 2008	73.7	$ 73.7	17.8	$(776.8)	$ 940.4	$ 676.9	$(35.4)	$ 878.8	
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							4.1	4.1	4.1
Reclassification of net realized investment loss to earnings							0.6	0.6	0.6
Defined benefit pension plans – net actuarial gain							9.0	9.0	9.0
Common stock issued under equity plans, including tax benefits and other	2.4	2.4			87.1			89.5	
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
Comprehensive income									
Net income						218.0		218.0	$218.0
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							(24.9)	(24.9)	(24.9)
Unrealized loss on cash flow hedges							(6.8)	(6.8)	(6.8)
Unrealized loss on available-for-sale investments							(0.8)	(0.8)	(0.8)
Reclassification of net realized investment loss to earnings							4.0	4.0	4.0
Defined benefit pension plans – net actuarial loss							(5.7)	(5.7)	(5.7)
Common stock issued under equity plans, including tax benefits and other	4.3	4.3			132.9			137.2	
Stock-based compensation expense					29.3			29.3	
Purchase of treasury stock			3.1	(200.0)				(200.0)	
Stock issued to effect stock split	36.6	36.6	(20.4)	970.3	(1,006.9)			—	
BALANCE AT DECEMBER 31, 2010	117.0	117.0	2.0	(102.0)	211.3	1,124.0	(42.1)	1,308.2	$ 183.8
Comprehensive income									
Net income						**236.7**		**236.7**	**$ 236.7**
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							**(5.2)**	**(5.2)**	**(5.2)**
Unrealized loss on cash flow hedges							**16.8**	**16.8**	**16.8**
Unrealized loss on available-for-sale investments							**(0.1)**	**(0.1)**	**(0.1)**
Reclassification of net realized investment gain to earnings							**(1.0)**	**(1.0)**	**(1.0)**
Defined benefit pension plans – net actuarial loss and other (Note 13)							**(5.9)**	**(5.9)**	**(5.9)**
Common stock issued under equity plans, including tax benefits and other	**3.0**	**3.0**			**54.2**			**57.2**	
Stock-based compensation expense					**35.0**			**35.0**	
Purchase of treasury stock			**3.9**	**(303.8)**				**(303.8)**	
BALANCE AT DECEMBER 31, 2011	**120.0**	**$ 120.0**	**5.9**	**$(405.8)**	**$300.5**	**$1,360.7**	**$(37.5)**	**$1,337.9**	**$ 241.3**

The accompanying notes are an integral part of these consolidated financial statements.

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 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.

Twelve months ended December 31, 2011	GAAP net sales growth rate	Impact of foreign exchange and other	Non-GAAP net sales growth rate
NON-GAAP NET SALES GROWTH BY PRODUCT LINE			
Surgical Heart Valve Therapy	7.1%	-3.7%	3.4%
Transcatheter Heart Valves	61.7%	-8.1%	53.6%
Total Heart Valve Therapy	20.6%	-4.5%	16.1%
Critical Care	11.9%	-4.6%	7.3%

Note: Numbers may not calculate due to rounding

RECONCILIATION OF **GAAP TO NON-GAAP FINANCIAL INFORMATION**

Twelve months ended December 31, (in millions, except per share information)	2011	2010	2009	2008	2007
GAAP NET INCOME	**$236.7**	$218.0	$229.1	$128.9	$113.0
Reconciling items:					
Gross profit	—	—	(4.1)	4.7	—
Special charges (gains):					
European receivables	**$12.8**	—	—	—	—
Realignment expenses, net	**5.5**	7.2	—	(1.7)	13.9
Settlements and litigation losses, net	**3.3**	—	3.8	0.6	—
MONARC program discontinuation	—	8.3	—	—	—
Investment impairments	—	7.2	1.6	—	—
Milestone receipt and net gain on sale of assets	—	—	(86.9)	(14.9)	(1.8)
Charitable fund contribution	—	—	15.0	—	—
Adjustment to capitalized patent enforcement costs	—	—	3.7	8.2	—
Reserve reversal	—	—	(1.0)	—	—
Acquisition of in-process technology and intellectual property	—	—	—	19.5	—
DexCom collaboration agreement	—	—	—	13.4	—
Pension settlement and adjustment	—	—	—	—	11.2
Benefit (provision) for income taxes:					
Tax effect on non-GAAP adjustments	**(3.9)**	(4.1)	17.8	1.7	(6.9)
Expiration of various statutes of limitations	**(4.0)**	—	—	—	—
Resolution of outstanding transfer price issues	—	(7.9)	—	—	—
Tax rulings and settlements	**(9.4)**	(9.8)	—	(10.1)	—
NON-GAAP NET INCOME	**$241.0**	$218.9	$179.0	$150.3	$129.4
Non-GAAP earnings per share:					
Basic non-GAAP earnings per share	**$2.10**	$1.93	$1.59	$1.35	$1.13
Diluted non-GAAP earnings per share	**$2.02**	$1.84	$1.52	$1.27	$1.06
Weighted-average shares outstanding:					
Basic	**114.6**	113.7	112.5	111.7	114.5
Diluted	**119.4**	119.2	117.5	119.2	125.5

NON-GAAP FREE CASH FLOW

Twelve months ended December 31 (in millions)	2011	2010	2009	2008	2007
Net cash provided by operating activities	**$314.5**	$251.4	$165.3	$153.2	$213.1
Capital expenditures	**(82.9)**	(61.8)	(64.0)	(50.6)	(57.0)
Reconciling items:					
Japan securitization program termination	—	—	39.0	—	—
Tax payment related to Bard milestone	—	—	22.8	—	—
Charitable fund contribution	—	—	15.0	—	—
U.S. securitization program termination	—	—	—	50.0	—
Tax settlement payment	—	—	—	13.0	—
NON-GAAP FREE CASH FLOW	**$231.6**	$189.6	$178.1	$165.6	$156.1

NON-GAAP NET SALES GROWTH

Twelve months ended December 31	2011	2010	2009	2008	2007
GAAP NET SALES GROWTH RATE	**16.0%**	9.5%	6.8%	13.4%	5.2%
Impact of discontinued, newly acquired and other products	**0.0%**	3.9%	2.9%	2.6%	4.7%
Impact of foreign exchange	**-4.4%**	-0.7%	1.4%	-4.0%	-3.3%
NON-GAAP NET SALES GROWTH RATE	**11.6%**	12.7%	11.1%	12.0%	6.6%

Note: Numbers may not calculate due to rounding

Executive Management

MICHAEL A. MUSSALLEM
Chairman and
Chief Executive Officer

THOMAS M. ABATE
Corporate Vice President,
Chief Financial Officer

DONALD E. BOBO, JR.
Corporate Vice President,
Heart Valve Therapy

BRUCE P. GARREN
Corporate Vice President,
Public Affairs and
Special Counsel

JOHN H. KEHL, JR.
Corporate Vice President,
Strategy and Corporate
Development

RICH LUNSFORD
Corporate Vice President,
Cardiac Surgery Systems

JOHN P. MCGRATH, PH.D.
Corporate Vice President,
Quality

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 and
Chief Scientific Officer

CARLYN D. SOLOMON
Corporate Vice President,
Critical Care and Vascular

PATRICK B. VERGUET
Corporate Vice President,
EMEA and Canada

HUIMIN WANG, M.D.
Corporate Vice President,
Japan, Asia Pacific and
Latin America

AIMEE S. WEISNER
Corporate Vice President,
General Counsel

LARRY L. WOOD
Corporate Vice President,
Transcatheter Valve
Replacement

Corporate Information

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

ANNUAL MEETING
The Annual Meeting of Stockholders will be held on May 10, 2012, 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 edwards.com or upon request to the Investor Relations department at (949) 250-2806.

STOCK SYMBOL


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 edwards.com provides access to a wide range of information for our customers, patients, shareholders and prospective investors. We invite you to visit the "Investor Relations" section, which features our press releases, SEC filings, company presentations and additional financial data.

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

Edwards Lifesciences is an affirmative action, equal opportunity employer.

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 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
computershare.com

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
PricewaterhouseCoopers LLP, Orange County, CA

BOARD OF DIRECTORS
Michael A. Mussallem
Chairman & Chief Executive Officer,
Edwards Lifesciences Corporation

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Former Chairman & Chief Executive Officer,
Atlantic Richfield Company

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Harvard Medical School

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Former Chairman & Chief Executive Officer,
Energy East Corporation

TRADEMARKS

CERTIFICATION

On June 13, 2011, Edwards Lifesciences submitted to The New York Stock Exchange a certification signed by its Chief Executive Officer that as of June 13, 2011 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, 2011.

SAFE HARBOR STATEMENT

This Annual Report contains forward-looking statements, which include the Company's financial goals or expectations for sales, sales growth, gross profit margin, net income, research and development, free cash flow and other financial measures; as well as expectations regarding new product clinical trials, approvals, and benefits; drivers of future growth, value creation, and improved patient outcomes; and the potential for products to become the standard of care or best in class. Forward-looking statements involve risks and uncertainties that could cause actual results or experience to differ materially from those expressed or implied by the forward-looking statements. Factors that could cause actual results or experience to differ materially from those 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 developing new products, obtaining regulatory approvals, creating new market opportunities for its products, and the timing of new product launches; the availability and amounts of reimbursement for the Company's products; the availability of competitive products; expanded clinical experience; 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; economic developments in key markets; 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, 2011.

PATIENT PROFILES

The patient stories in this Annual Report and on edwards.com reflect their personal experiences. Their results are specific to them and may not be typical. Patient results vary. Please see edwards.com for more information regarding our products and their risks. Talk to a doctor about treatment options.

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*

Edwards Lifesciences Corporation
Irvine, USA | Nyon, Switzerland | Tokyo, Japan | Singapore, Singapore | São Paulo, Brazil
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