

A
Legacy
of Leading



EDWARDS LIFESCIENCES CORPORATION

2008 Annual Report



Edwards



For 50 years, Edwards Lifesciences has been dedicated to providing innovative solutions for people fighting advanced cardiovascular disease, the world's leading cause of death and disability. Our 6,200 employees, working together with our trusted clinician partners, are unified in their mission to help patients resume fuller, happier and more active lives. Edwards' legacy of leadership has produced a number of novel heart valve therapies and critical care technologies, and our results are benefiting customers, patients, employees and stockholders.

Opposite Page: Robert, a New York Stock Exchange floor broker, was pleased when his doctor recommended a minimally invasive valve repair procedure using the Carpentier-Edwards Classic mitral annuloplasty ring. His full story is available in our online report on the Edwards website at www.edwards.com.

Selected Operating Information

Twelve months ended December 31, <i>(in millions)</i>	2008	2007	2006
Net sales	\$ 1,237.7	\$ 1,091.1	\$ 1,037.0
Cost of goods sold	419.6	378.2	373.6
Gross profit	818.1	712.9	663.4
Selling, general and administrative expenses	480.6	418.0	376.0
Research and development expenses	139.2	122.3	114.2
<i>Operating statistics</i>			
As a percentage of net sales:			
Gross profit	66.1%	65.3%	64.0%
Selling, general and administrative expenses	38.8%	38.3%	36.3%
Research and development expenses	11.2%	11.2%	11.0%
Operating margin ^(a)	16.0%	15.8%	16.7%

(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, 2008.



SAFE HARBOR STATEMENT

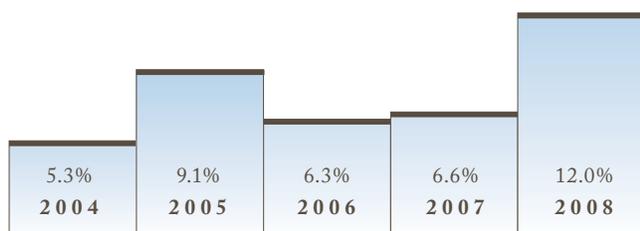
This Annual Report contains forward-looking statements within the meaning of the federal securities laws. These statements involve substantial risks and uncertainties that could cause the company's future business, financial condition, results of operations or performance to differ materially from that 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, 2008 and other filings with the Securities and Exchange Commission.

Selected Consolidated Data

For a reconciliation of GAAP to non-GAAP figures, refer to pages 20 and 21 of this report.

NON-GAAP NET SALES GROWTH

In 2008, we achieved our strongest year yet of top line growth with underlying sales increasing 12.0%.



NON-GAAP DILUTED EARNINGS PER SHARE

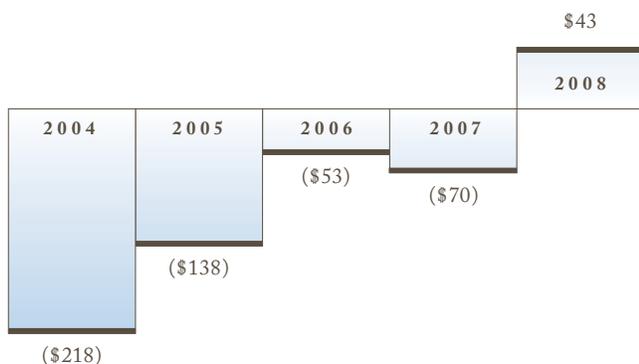
Adjusted earnings per share growth of 19.7% in 2008 exceeded our full year goal of 11% to 14%.



NET CASH* (in millions)

In addition to investing in growth opportunities and repurchasing shares, we ended the year with strong liquidity and a positive net cash position.

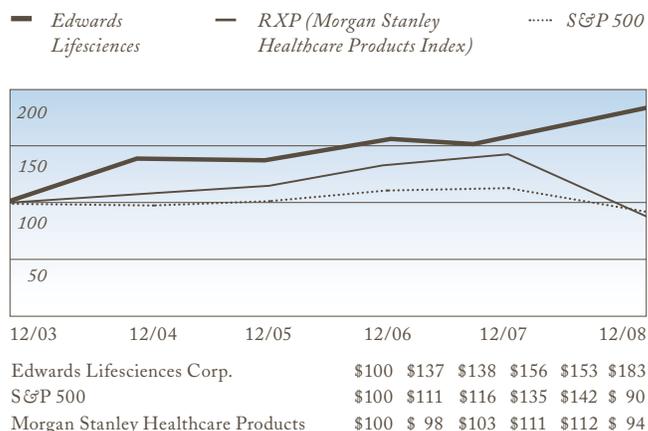
(As of December 31)



* Cash and cash equivalents minus debt.

STOCK PERFORMANCE

Cumulative total return based upon an initial investment of \$100 on December 31, 2003 with dividends reinvested. Since 2003, Edwards' stock price has increased 83%, outperforming the broader market and our medical products peer group.





Michael A. Mussallem, *Chairman & Chief Executive Officer*

To Our Stockholders,

Edwards Lifesciences' 50-year history dates back to 1958, with the development of the first commercially available artificial heart valve by Miles "Lowell" Edwards and Dr. Albert Starr. Our company has continued to build on this legacy by partnering with clinicians to pioneer new technologies, which have helped make Edwards the leader it is today.

As I reflect on our past, I am impressed by how much we have accomplished, and most importantly, how we have helped millions of patients improve their quality of life. Over the past decade, we have accelerated our rate of innovation, and our new product pipeline today is more robust than ever before. Several of these new technologies promise to truly transform patient care. I believe our company's best days are ahead of us as we continue to develop innovative solutions for people fighting cardiovascular disease.

50 Years of Experience

The original vision of Miles “Lowell” Edwards continues today. Edwards Lifesciences is a global company with revenues exceeding \$1 billion and 6,200 employees, all dedicated to furthering Mr. Edwards’ vision to help clinicians, patients and their families work together as a united community fighting cardiovascular disease.

1958



Miles “Lowell” Edwards begins work to create a replacement heart. Mr. Edwards meets Dr. Albert Starr, who suggests developing an artificial heart valve instead.

1960



The Starr-Edwards silastic ball valve is successfully implanted in a patient’s heart. Less than 12 months later, Edwards and Starr introduce the first mechanical aortic replacement valve.

A Legacy Of Leading

This was a year of outstanding performance for Edwards Lifesciences in several important areas. First, we achieved total underlying sales growth of 12 percent, making this our best year ever for top-line growth. Our market-leading Heart Valve Therapy franchise achieved even higher growth for the year, propelled by the continued momentum of our Edwards SAPIEN transcatheter heart valve in Europe. The successful launch of new surgical heart valves in the U.S. and Japan also helped lift our growth. In addition, during the introductory year of our Edwards SAPIEN transcatheter heart valve in Europe, we treated approximately 2,000 patients who may have otherwise gone untreated, and exceeded our initial sales expectations.

In 2008, we continued to make great progress in our U.S. PARTNER clinical trial for our Edwards SAPIEN valve and began a CE Mark trial in Europe for Edwards SAPIEN XT, our next generation transcatheter heart valve. At the same time, use of our FloTrac system continued to grow rapidly within our Critical Care franchise. In addition, the unveiling of our continuous glucose monitoring plans represents a potential new growth platform for the company. Finally, we successfully integrated the CardioVations minimally invasive surgery product line into our Cardiac Surgery Systems franchise.

1961

Edwards Laboratories is established in Orange County, California, not far from where Edwards Lifesciences is headquartered today.

1963



Dr. Thomas Fogarty develops the Fogarty embolectomy catheter, the first catheter-based technology used to remove blood clots from arms and legs. Edwards partners with Fogarty to manufacture and market the device.

1965



Professor Alain Carpentier implants the first porcine tissue heart valve into a patient and partners with Edwards to develop tissue heart valves.

1966

Edwards Laboratories is purchased by American Hospital Supply Corp., which later becomes American Edwards Laboratories. American Edwards is acquired by Baxter International in 1985.

From a financial perspective, in addition to strong sales performance, our 2008 results were enhanced by improvement in our gross profit margin. We were able to leverage our performance to lift our non-GAAP diluted earnings per share growth approximately 20 percent for the year. Lastly, during 2008, we demonstrated our financial strength by generating record free cash flow of \$166 million and ending the year with a positive net cash position.

Extending Leadership Through New Products

Edwards' legacy of leadership in the treatment of advanced cardiovascular disease continues today, with more than 90 percent of our sales coming from products that are in number one positions globally.

Expanding upon our tissue valve platform, in 2008 we introduced the PERIMOUNT Magna mitral valve in the U.S. This is the first mitral tissue valve to feature an asymmetric shape that mimics the native mitral anatomy. This valve is uniquely designed to provide superior performance with ease of use benefits.

We also introduced the Carpentier-Edwards PERIMOUNT Magna pericardial aortic heart valve in Japan and this valve is on its way to becoming number one in that country. The Magna valve combines more than 20 years of clinical experience with the world's most advanced tissue engineering technologies to deliver excellent durability and performance.

1970



Partnering with Drs. Jeremy Swan and William Ganz leads to the development of the Swan-Ganz pulmonary artery catheter and establishes Edwards' Critical Care franchise.

1974



Edwards launches the Carpentier-Edwards Classic annuloplasty ring. Today, the company is the world's leading manufacturer of products for the surgical repair of heart valves.

1975



Edwards launches the Carpentier-Edwards porcine bioprosthesis, the company's first tissue heart valve.

1981



Edwards introduces the Carpentier-Edwards PERIMOUNT pericardial bioprosthesis. Today, the PERIMOUNT line of tissue heart valves has become the choice of surgeons worldwide.

We continued to make important progress in the PARTNER clinical trial in the U.S. for our Edwards SAPIEN transcatheter heart valve and we have enrolled more than 700 patients to date. With this technology, we hope to provide a longer and improved quality of life for the substantial number of patients whose severe aortic stenosis goes untreated today.

During the year, the first human implants of our Edwards SAPIEN XT next-generation transcatheter heart valve were performed and we initiated a CE Mark clinical trial in Europe. This valve's lower delivery profile will make it available to an even wider group of patients.

Leading By Example

In March, I was elected to represent our industry as chairman of the board of directors of the Advanced Medical Technology Association (AdvaMed), the leading advocacy group for the medical technology industry. I am honored to serve as AdvaMed's chairman, while continuing to guide Edwards in developing life-saving innovations for patients. During my two-year AdvaMed chairmanship, I intend to continue focusing on doing what's best for patients, while also working to increase awareness of the benefits of innovation in medical technology, to enhance industry ethics and to strengthen relationships with key stakeholders on a global basis.

1993



Edwards launches the Cosgrove-Edwards annuloplasty band for both mitral and tricuspid heart valve repair and the Vigilance monitor to measure a patient's hemodynamic status.

2000

The company is spun off from Baxter International as an independent, publicly held corporation named Edwards Lifesciences.

2002



Edwards launches the Carpentier-Edwards PERIMOUNT Magna bioprosthesis. Today, Magna is the leading valve in the aortic valve replacement segment.

2002



Professor Alain Cribier implants the first percutaneous aortic heart valve into a patient and later partners with Edwards to develop transcatheter heart valves.

Edwards Lifesciences was built by forging strong and enduring relationships with clinicians. Medical innovation is dependent on these clinician partnerships, and we believe that being transparent about these relationships will help the public better understand the critical role they play in the advancement of medical technology and the improvement of patient care. To that end, we have decided to voluntarily disclose financial relationships with U.S. physicians starting in 2009.

The Edwards Lifesciences Fund continued to fulfill its mission to assist organizations that help patients in their fight against cardiovascular disease, and support the communities in which we live and work. This year, the Fund awarded approximately \$2.3 million in grants to 81 non-profit organizations, which was our strongest year of giving to date.

2009 Outlook

We expect to carry our 2008 momentum into 2009 and deliver strong results while making substantial investments in our future. In Heart Valve Therapy, we anticipate launching two new valves in the U.S. and doubling our Edwards SAPIEN transcatheter heart valve procedures. In Critical Care, we have planned for additional extensions to our FloTrac system and hope to introduce a continuous

2004

The company established The Edwards Lifesciences Fund to provide philanthropic support for important health-related and community causes.

2005



Edwards launches the FloTrac minimally invasive heart monitoring technology for use in the critical care environment.

2007



The Edwards SAPIEN transcatheter heart valve is launched in Europe. Edwards also acquires the CardioVations line of minimally invasive surgery products.

2008



Edwards Lifesciences celebrates 50 years of life-saving innovations and looks forward to continuing its legacy of leadership.

glucose monitoring system in Europe by the end of the year. Lastly, we anticipate completing enrollment in our U.S. PARTNER trial and gaining a U.S. IDE approval for the Edwards SAPIEN XT valve.

We will also remain focused on achieving our financial goals, which include generating total sales of \$1.24 to \$1.30 billion, reflecting 10 to 12 percent underlying growth, and achieving diluted earnings per share growth of 15 to 19 percent.

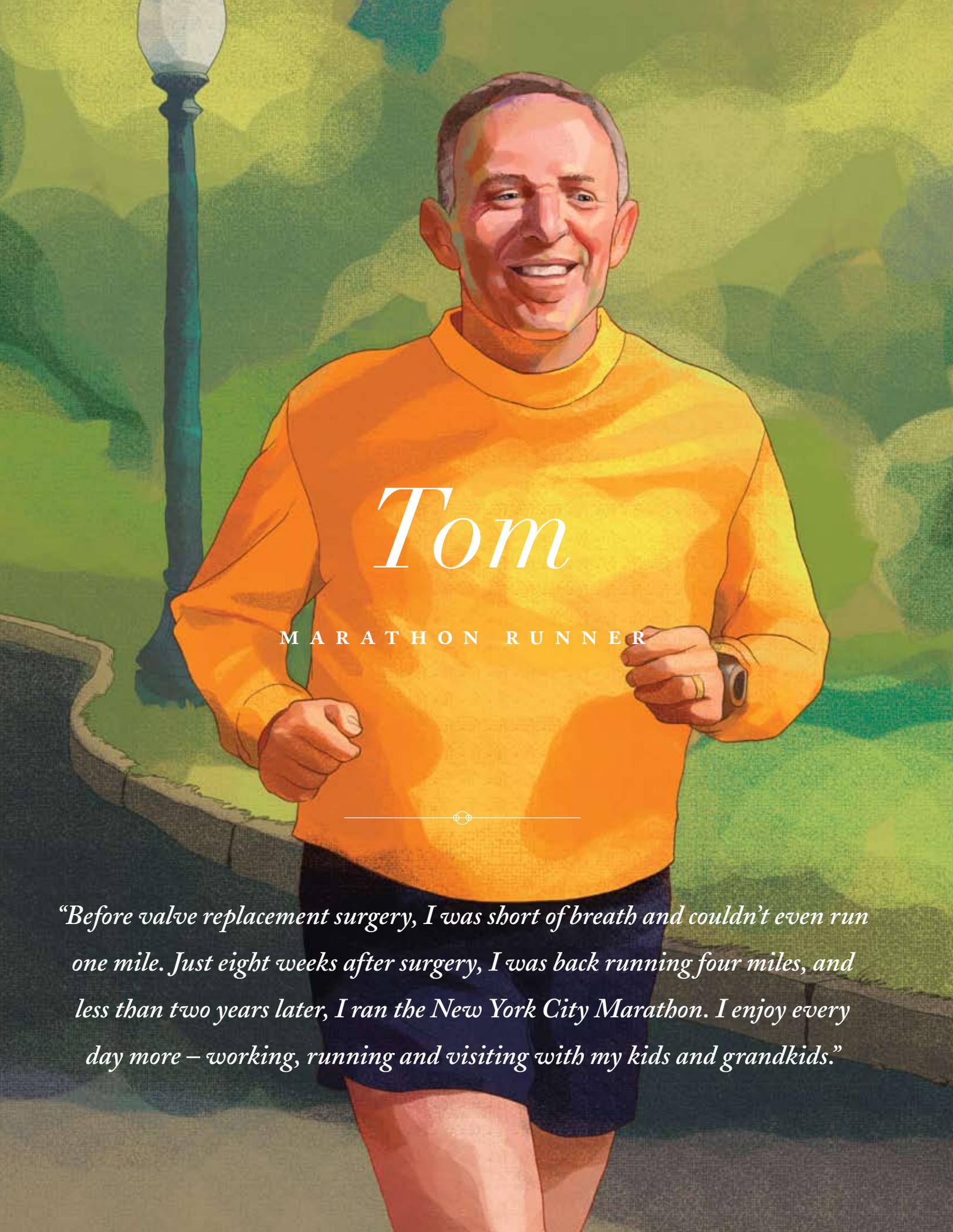
We have much to look forward to as we continue to fulfill Miles “Lowell” Edwards’ vision by living our Credo: Helping Patients is Our Life’s Work, and Life is Now.

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 20 and 21 of this report.

A stylized illustration of a man in his late 40s or early 50s, smiling broadly as he runs. He is wearing a bright orange long-sleeved athletic shirt and dark blue shorts. He has a watch on his left wrist and a ring on his left hand. The background is a lush green park with a black lamppost on the left and a concrete curb. The overall style is painterly and vibrant.

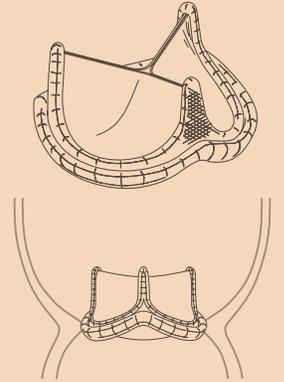
Tom

MARATHON RUNNER

“Before valve replacement surgery, I was short of breath and couldn’t even run one mile. Just eight weeks after surgery, I was back running four miles, and less than two years later, I ran the New York City Marathon. I enjoy every day more – working, running and visiting with my kids and grandkids.”

Carpentier-Edwards PERIMOUNT Magna Aortic Heart Valve

The Carpentier-Edwards PERIMOUNT Magna aortic valve is the first and only heart valve of its kind, combining more than 27 years of clinical experience and innovation with the most advanced tissue engineering technologies. The Magna pericardial tissue valve was created specifically to optimize blood flow for the patient, which makes it easier for the heart to pump the required amount of blood through the body. The valve's unique design allows surgeons to achieve optimal placement above the patient's native valve opening. It is built on the proven performance of the Carpentier-Edwards PERIMOUNT valve, with unparalleled durability of up to 20 years. Today, the PERIMOUNT Magna valve is the most widely implanted tissue valve in the world.



D R . R A N E Y



“The PERIMOUNT Magna valve helps restore patients to a full lifestyle, particularly as there’s no requirement for tissue valve recipients to be on lifelong anticoagulation therapy. The valve’s precise design, superior hemodynamics and proven durability all provide important benefits to patients with aortic valve disease.”

Aidan A. Raney, M.D., Surgical Director, Hoag Heart Valve Institute, Newport Beach, California

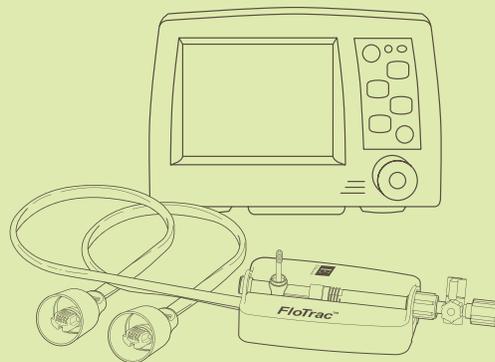
An avid long-distance runner for 25 years who has completed seven full marathons and many half-marathons, Tom knew he had a heart murmur, but kept running until the symptoms of aortic valve disease virtually stopped him in his tracks. In the span of two months, Tom went from running a half-marathon to losing his breath before completing one mile. He and

his doctors knew it was time to replace the valve, and his surgeon elected to use the Carpentier-Edwards PERIMOUNT Magna valve. Within eight weeks, Tom returned to running. After delaying his participation in the New York City Marathon due to his declining health, Tom completed the full 26.2-mile course in 2008, less than two years after valve replacement surgery.

FloTrac Sensor & Vigileo Monitor



The FloTrac sensor, when used with the Vigileo monitor, is a minimally invasive monitoring system that provides continuous cardiac measurements of patients in a critical care environment. This easy-to-use sensor accesses patient data directly from an existing arterial line, a small catheter inserted into the patient's radial artery. Traditionally, this information is collected through a more invasive pulmonary artery catheter placed in the patient's heart. While clinicians continue to rely on Edwards' Swan-Ganz catheters as the gold standard for obtaining the most comprehensive level of cardiovascular monitoring, the FloTrac system is used to gather many of those same parameters earlier and less invasively – enabling more patients to receive enhanced monitoring.



D R . T A K E D A

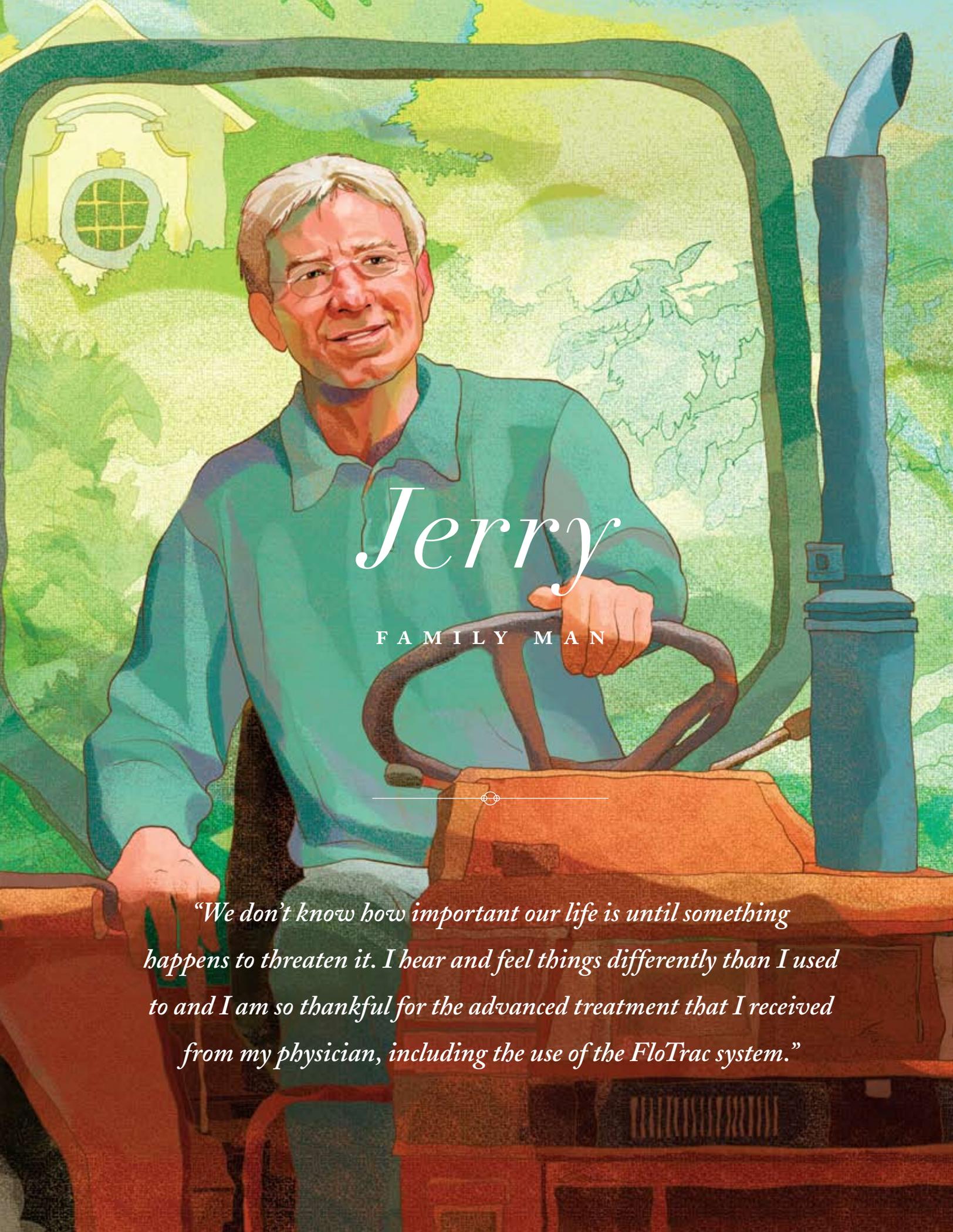


“Using the FloTrac system, I am able to more accurately and immediately assess patients’ fluid requirements and therapy timing. I am so pleased when I see patients with successful surgical outcomes after using the FloTrac system; I view this tool as instrumental in helping me to save lives.”

Junzo Takeda, M.D., Professor and Chairman, Department of Anesthesiology, School of Medicine, Keio University, Tokyo, Japan

Jerry was fighting cancer and developed what he thought was a common cold. His symptoms persisted, so he went to the hospital, where he was diagnosed with severe pneumonia. In the following days, Jerry's condition deteriorated to a point where his doctors determined there was nothing more they could do. They asked his wife and young children to say goodbye. Jerry's wife

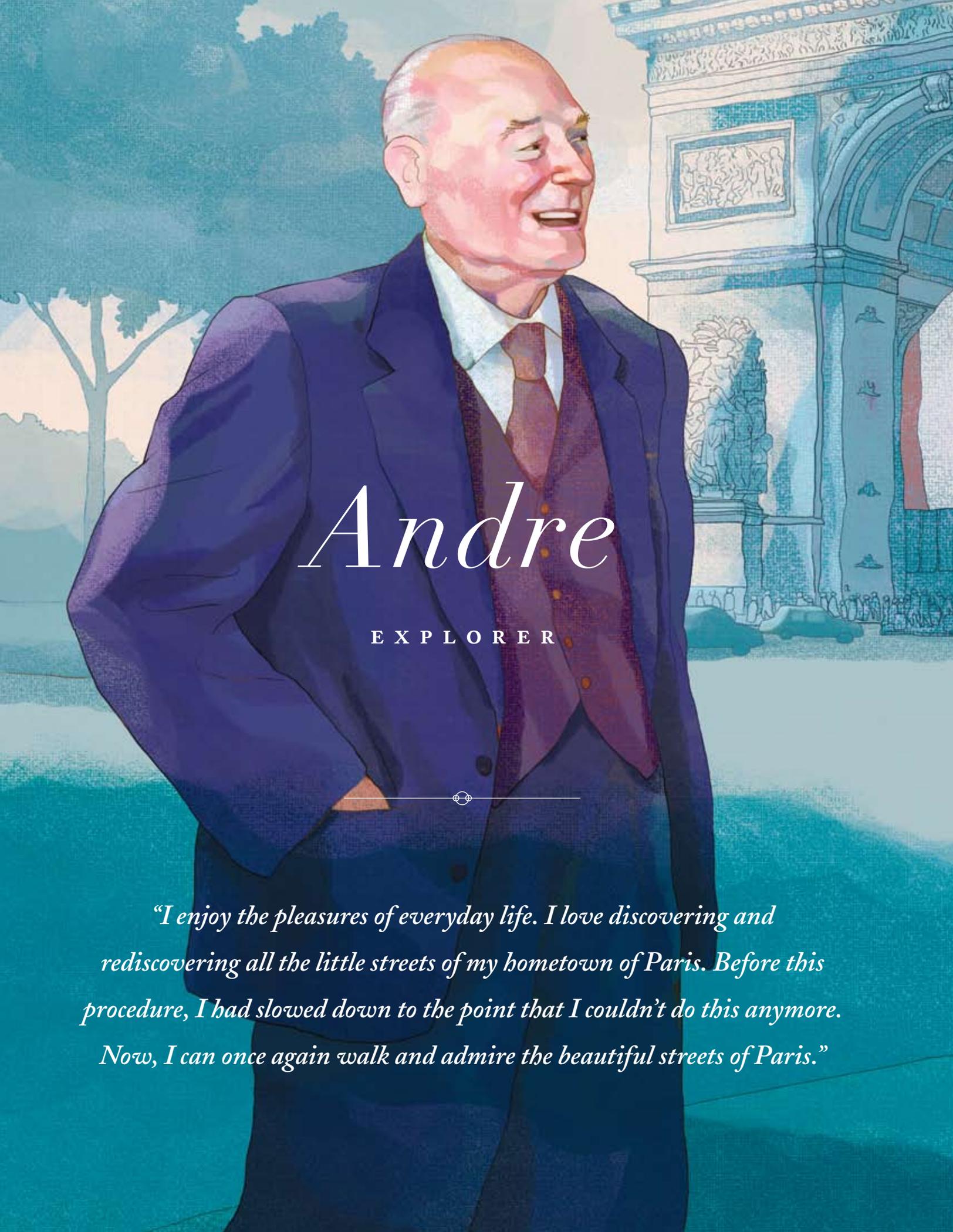
was convinced that this was not the end and researched other options. She found a doctor that offered advanced therapies and was able to have Jerry transferred into new care. Using Edwards' FloTrac system to monitor his condition, Jerry's doctor was able to use the information to intervene and treat him more quickly. Jerry recovered and again embraced life with his family.



Jerry

FAMILY MAN

“We don’t know how important our life is until something happens to threaten it. I hear and feel things differently than I used to and I am so thankful for the advanced treatment that I received from my physician, including the use of the FloTrac system.”

An illustration of an elderly man with a joyful expression, wearing a dark blue suit, white shirt, and a patterned tie. He is standing with his hands in his pockets, looking towards the right. The background features a classical building with arches and columns, and a tree on the left. The overall color palette is dominated by shades of blue and green.

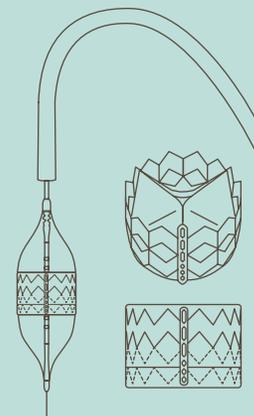
Andre

EXPLORER

“I enjoy the pleasures of everyday life. I love discovering and rediscovering all the little streets of my hometown of Paris. Before this procedure, I had slowed down to the point that I couldn’t do this anymore. Now, I can once again walk and admire the beautiful streets of Paris.”

Edwards SAPIEN Transcatheter Heart Valve & RetroFlex Delivery System

The Edwards SAPIEN transcatheter heart valve is designed to treat patients with severe aortic stenosis, who are at high-risk for or unable to undergo traditional open-heart valve replacement surgery. The valve features Edwards' proprietary bovine pericardial tissue and leverages Edwards' 50 years of experience as the pioneer in heart valve therapy. Using the RetroFlex delivery system inserted via a small incision in the leg, the Edwards SAPIEN valve is compressed and threaded through the patient's blood vessels to the heart, all while the patient's heart continues to beat without cardiopulmonary bypass. The valve can also be used with the Ascendra transapical delivery system, in which the valve is delivered through a small incision between the patient's ribs. Edwards Lifesciences is the only company to have both delivery system approaches for this procedure commercially available in Europe, and studied as part of a U.S. pivotal trial. Caution: The Edwards SAPIEN transcatheter heart valve and the RetroFlex and Ascendra delivery systems are investigational devices in the U.S., limited by Federal (USA) Law to investigational use. Not available for sale in the U.S.



P R O F . V A H A N I A N



“This procedure involves a close collaboration between interventional cardiologists, surgeons and other members of an inter-disciplinary care team working together to select the best candidates, perform the procedure and evaluate the results. We believe this is a promising technique that may offer an alternative to conventional surgery for high-risk patients with aortic stenosis.”
Alec Vahanian, M.D., Chief of Cardiology, Bichat Hospital, Paris, France

Andre's hometown of Paris is his passion, and throughout his life he enjoyed walking up to three miles a day to explore it. After being diagnosed with aortic valve disease, Andre experienced worsening symptoms that shortened his walks until it was difficult to even get out of bed. He heard about the Edwards SAPIEN transcatheter heart valve with the RetroFlex delivery

system, and understood that it enabled valve replacement to be accomplished on a beating heart, without open heart surgery. His aortic valve was replaced with the Edwards SAPIEN valve, and several days later, Andre was walking the halls of the hospital. Today, he enjoys spending time with his wife of 57 years, his daughters and grandchildren, and rediscovering the city he loves.

Condensed 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, 2008. A copy of the Form 10-K is available on our website at www.edwards.com.

As of December 31, <i>(in millions, except par value)</i>	2008	2007
<i>Assets</i>		
<i>Current assets</i>		
Cash and cash equivalents	\$ 218.7	\$ 141.8
Short-term investments (Note 2)	8.1	49.4
Accounts receivable, net (Note 5)	186.3	115.8
Other receivables	18.4	29.5
Inventories, net	151.8	152.6
Deferred income taxes	42.4	30.2
Prepaid expenses	30.7	25.4
Other current assets	35.5	41.7
Total current assets	691.9	586.4
Property, plant and equipment, net	230.1	228.2
Goodwill (Notes 3 and 7)	315.7	350.3
Other intangible assets, net	96.9	122.5
Investments in unconsolidated affiliates	14.7	34.3
Deferred income taxes	37.7	13.8
Other assets	13.2	14.3
Total assets	\$ 1,400.2	\$ 1,349.8
<i>Liabilities and stockholders' equity</i>		
<i>Current liabilities</i>		
Accounts payable	\$ 65.6	\$ 63.9
Accrued liabilities	186.7	161.5
Taxes payable	6.2	4.7
Convertible debt (Note 9)	—	150.0
Total current liabilities	258.5	380.1
Long-term debt	175.5	61.7
Other long-term liabilities	87.4	73.0
Commitments and contingencies (Notes 9 and 16)		
<i>Stockholders' equity</i>		
Preferred stock, \$.01 par value, authorized 50.0 shares, no shares outstanding	—	—
Common stock, \$1.00 par value, 350.0 shares authorized, 73.7 and 68.6 shares issued, and 55.9 and 56.6 shares outstanding, respectively	73.7	68.6
Additional paid-in capital	940.4	680.6
Retained earnings	676.9	548.6
Accumulated other comprehensive (loss) income	(35.4)	7.5
Treasury stock, at cost, 17.8 and 12.0 shares, respectively	(776.8)	(470.3)
Total stockholders' equity	878.8	835.0
Total liabilities and stockholders' equity	\$ 1,400.2	\$ 1,349.8

Condensed Statements of Operations

Twelve months ended December 31, <i>(in millions, except per share information)</i>	2008	2007	2006
Net sales	\$ 1,237.7	\$ 1,091.1	\$ 1,037.0
Cost of goods sold	419.6	378.2	373.6
Gross profit	818.1	712.9	663.4
Selling, general and administrative expenses	480.6	418.0	376.0
Research and development expenses	139.2	122.3	114.2
Special charges (gains), net (Note 3)	25.1	23.3	(4.5)
Interest expense	7.2	9.1	10.5
Interest income	(6.1)	(7.7)	(7.8)
Other expense (income), net (Note 14)	7.7	(1.9)	2.7
Income before provision for income taxes	164.4	149.8	172.3
Provision for income taxes	35.5	36.8	41.8
Net income	\$ 128.9	\$ 113.0	\$ 130.5
<i>Share information (Note 2):</i>			
Earnings per share:			
Basic	\$ 2.31	\$ 1.97	\$ 2.23
Diluted	\$ 2.19	\$ 1.87	\$ 2.10
Weighted-average number of common shares outstanding:			
Basic	55.8	57.3	58.5
Diluted	59.6	62.7	63.9

Condensed Statements of Cash Flows

Twelve months ended December 31, <i>(in millions)</i>	2008	2007	2006
<i>Cash flows from operating activities</i>			
Net income	\$ 128.9	\$ 113.0	\$ 130.5
Adjustments to reconcile net income to cash provided by operating activities:			
Depreciation and amortization	55.6	54.8	56.8
Stock-based compensation (Notes 2 and 12)	28.7	27.7	26.6
Deferred income taxes	(23.5)	(5.6)	7.1
Special charges, net	25.4	14.9	19.3
Loss (gain) on trading securities	4.9	0.3	(0.8)
Loss on investments	3.0	0.7	—
Other	(0.3)	1.5	5.4
Changes in operating assets and liabilities:			
Accounts and other receivables (Note 5)	(61.1)	(6.6)	2.5
Accounts receivable securitization (Note 5)	(7.4)	11.9	0.9
Inventories, net	(17.8)	(9.0)	(12.8)
Accounts payable and accrued liabilities	32.9	14.0	(3.9)
Prepaid expenses and other current assets	(3.3)	(5.8)	1.5
Other	(12.8)	1.3	(0.4)
Net cash provided by operating activities	153.2	213.1	232.7
<i>Cash flows from investing activities</i>			
Capital expenditures	(50.6)	(57.0)	(57.4)
Proceeds from sale of assets (Note 3)	97.0	7.2	22.2
Investments in intangible assets	(27.4)	(5.5)	(2.0)
Proceeds from unconsolidated affiliates	5.5	1.4	0.4
Investments in unconsolidated affiliates	(1.1)	(3.9)	(1.8)
Investments in trading securities, net	(0.2)	(2.0)	(1.9)
Transfer to short-term investments (Note 2)	—	(55.0)	—
Proceeds from short-term investments (Note 2)	35.5	4.9	—
Acquisitions and milestone payment (Notes 3 and 6)	—	(37.0)	—
Other	0.1	(0.5)	2.9
Net cash provided by (used in) investing activities	58.8	(147.4)	(37.6)
<i>Cash flows from financing activities</i>			
Purchases of treasury stock	(306.5)	(130.9)	(145.9)
Proceeds from issuance of long-term debt	206.3	57.3	54.8
Payments on long-term debt	(112.1)	(85.2)	(140.7)
Proceeds from stock plans	63.8	38.7	33.5
Excess tax benefit from stock plans (Notes 2 and 12)	14.9	8.6	5.2
Other	(0.5)	3.4	(0.5)
Net cash used in financing activities	(134.1)	(108.1)	(193.6)
Effect of currency exchange rate changes on cash and cash equivalents	(1.0)	1.4	2.7
Net increase (decrease) in cash and cash equivalents	76.9	(41.0)	4.2
Cash and cash equivalents at beginning of year	141.8	182.8	178.6
Cash and cash equivalents at end of year	\$ 218.7	\$ 141.8	\$ 182.8
<i>Supplemental disclosures:</i>			
Cash paid during the year for:			
Interest	\$ 7.3	\$ 9.0	\$ 10.5
Income taxes	\$ 37.2	\$ 31.0	\$ 14.3
Non-cash transactions:			
Issuance of common shares in redemption of convertible debt (Note 9)	\$ 147.7	\$ —	\$ —
Investment received in exchange for assets (Note 3)	\$ —	\$ —	\$ 6.4

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

(in millions)	Common Stock		Treasury Stock		Additional	Retained	Accumulated	Comprehensive	
	Shares	Par Value	Shares	Amount	Paid-In Capital		Earnings	Other Comprehensive Income (Loss)	Total
<i>Balance at December 31, 2005</i>	65.6	\$ 65.6	6.0	\$ (193.5)	\$ 536.7	\$ 303.4	\$ (22.2)	\$ 690.0	
Comprehensive income									
Net income						130.5		130.5	\$ 130.5
Other comprehensive income (loss), net of tax:									
Foreign currency translation adjustments							11.8	11.8	11.8
Unrealized loss on cash flow hedges							(5.2)	(5.2)	(5.2)
Unrealized gain on available-for-sale investments							2.0	2.0	2.0
Minimum pension liability adjustment							2.1	2.1	2.1
Impact of SFAS 158, net of tax							(4.3)	(4.3)	
Common stock issued under equity plans	1.4	1.4			32.1			33.5	
Tax benefit related to equity plans					8.3			8.3	
Stock-based compensation expense					26.6			26.6	
Purchase of treasury stock			3.3	(145.9)				(145.9)	
<i>Balance at December 31, 2006</i>	67.0	67.0	9.3	(339.4)	603.7	433.9	(15.8)	749.4	\$ 141.2
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 FIN 48						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)	
<i>Balance at December 31, 2007</i>	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 (Note 13)							(0.3)	(0.3)	(0.3)
Net loss							(10.1)	(10.1)	(10.1)
Effects of changing the pension plan measurement date pursuant to SFAS 158:									
Service and interest cost, and expected return on plan assets for November 1 – December 31, 2007, net of tax (Note 11)							(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)	
<i>Balance at December 31, 2008</i>	73.7	\$ 73.7	17.8	\$ (776.8)	\$ 940.4	\$ 676.9	\$ (35.4)	\$ 878.8	\$ 86.0

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 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 Financial Accounting Standards Board Statement No. 123(R) (“FAS 123(R)”), Share Based Compensation, 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 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 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, <i>(in millions, except per share data)</i>	2008	2007	2006	2005	2004
<i>GAAP net income</i>	\$ 128.9	\$ 113.0	\$ 130.5	\$ 79.3	\$ 1.7
Reconciling items:					
Gross profit	4.7	—	2.0	—	—
Purchased in-process research & development expenses	—	—	—	1.2	93.3
Special charges (gains):					
Milestone receipt and net gain on sale of assets	(14.9)	(1.8)	(13.7)	(14.1)	(7.4)
Acquisition of in-process technology and intellectual property	19.5	—	—	—	—
DexCom collaboration agreement	13.4	—	—	—	—
Adjustment to capitalized patent enforcement costs	8.2	—	—	—	—
Settlements and litigation (gains) losses, net	0.6	—	(19.0)	2.9	—
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	10.6
Restructure 3F Therapeutics agreements	—	—	2.0	22.8	—
Investment impairments	—	—	—	16.3	9.0
Charitable fund contribution	—	—	—	15.0	5.0
Stock option expense under FAS 123(R), net of tax	—	—	—	(14.3)	(15.7)
Benefit (provision) for income taxes:					
Tax effect on non-GAAP adjustments	1.7	(6.9)	6.6	(11.5)	(8.1)
Tax benefit from audit settlements and reversal of valuation allowances	(10.1)	—	(6.9)	(8.0)	—
Repatriation taxes	—	—	—	15.8	—
<i>Non-GAAP net income</i>	\$ 150.3	\$ 129.4	\$ 127.7	\$ 110.7	\$ 88.4
Non-GAAP earnings per share:					
Basic non-GAAP earnings per share	\$ 2.69	\$ 2.26	\$ 2.18	\$ 1.86	\$ 1.48
Diluted non-GAAP earnings per share	\$ 2.55	\$ 2.13	\$ 2.06	\$ 1.76	\$ 1.43
Weighted average shares outstanding:					
Basic	55.8	57.3	58.5	59.6	59.6
Diluted	59.6	62.7	63.9	65.0	64.7
<i>Non-GAAP Free Cash Flow</i>					
Twelve months ended December 31,	2008	2007	2006	2005	2004
Net cash provided by operating activities	\$ 153.2	\$ 213.1	\$ 232.7	\$ 136.8	\$ 180.6
Capital expenditures	(50.6)	(57.0)	(57.4)	(48.5)	(42.5)
Reconciling items:					
U.S. securitization program termination	50.0				
Tax settlement payment	13.0				
Litigation settlement			(23.8)		
Charitable fund contribution				15.0	
Restructure 3F agreements				22.8	
<i>Non-GAAP Free Cash Flow</i>	\$ 165.6	\$ 156.1	\$ 151.5	\$ 126.1	\$ 138.1
<i>Non-GAAP Net Sales Growth</i>					
Twelve months ended December 31,	2008	2007	2006	2005	2004
GAAP net sales growth rate	13.4%	5.2%	3.9%	7.1%	8.3%
Impact of discontinued, newly acquired and other products	2.6%	4.7%	1.8%	2.9%	1.8%
Impact of foreign exchange	(4.0%)	(3.3%)	0.6%	(0.8%)	(4.8%)
<i>Non-GAAP net sales growth rate</i>	12.0%	6.6%	6.3%	9.1%	5.3%

Note: Numbers may not calculate due to rounding

Executive Management



Michael A. Mussallem, Chairman & Chief Executive Officer

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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

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

ANNUAL MEETING

The Annual Meeting of Shareholders will be held on May 7, 2009 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

 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) 250-2248 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, RI 02940-3069
(800) 446-2617
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INDEPENDENT REGISTERED

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Orange County, CA

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Edwards Lifesciences is an affirmative action, equal opportunity employer.

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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TRANSPARENCY NOTICE

Some of the physicians identified in this Annual Report may have received compensation from Edwards for consulting services, royalty payments or other types of financial arrangements. All such arrangements are in full compliance with applicable laws, rules and regulations, including the AdvaMed Code of Ethics and similar regional Codes.

CERTIFICATION

On June 9, 2008, Edwards Lifesciences submitted to the New York Stock Exchange a certification signed by its Chief Executive Officer that as of June 9, 2008 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, 2008.

OPPOSITE PAGE

A dancer since childhood, Joby sought out a surgeon that utilized minimally invasive techniques when she needed mitral valve surgery. Her full story is available in our online report on the Edwards website at www.edwards.com.



EDWARDS LIFESCIENCES CORPORATION

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