

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated statement of operations for the year ended December 31, 2002 presents the results of Edwards Lifesciences assuming that the acquisition of the cardiovascular business in Japan had been completed as of January 1, 2002:

(in millions, except per share information)	Pro Forma Adjustments			
	Historical	Japan Operating Results ^(a)	Other ^(b)	Pro Forma
Net sales	\$ 704.0	\$ 77.2	\$ —	\$ 781.2
Cost of goods sold	299.1	31.0	—	330.1
Gross profit	404.9	46.2	—	451.1
Selling, general and administrative expenses	227.9	34.0	—	261.9
Research and development expenses	65.2	2.5	—	67.7
Disposition of assets and other non-recurring charges, net	67.4	—	—	67.4
Non-recurring spin-off expenses	3.3	—	—	3.3
Other operating income	(11.0)	11.0	—	—
Operating income (loss)	52.1	(1.3)	—	50.8
Interest expense, net	11.5	—	0.8	12.3
Other (income) expense, net	(15.4)	(1.5)	—	(16.9)
Income (loss) before provision for income taxes	56.0	0.2	(0.8)	55.4
Provision (benefit) for income taxes	0.3	0.1	(0.2)	0.2
Net income (loss)	\$ 55.7	\$ 0.1	\$ (0.6)	\$ 55.2
Share information:				
Earnings per basic share	\$ 0.94			\$ 0.94
Earnings per diluted share	\$ 0.91			\$ 0.90

(a) To reflect Edwards Lifesciences' Japanese business on a consolidated basis for the full year ended December 31, 2002.

(b) To reflect estimated interest expense that would have been incurred by the Company based on incurrence of \$19.0 million of debt at an effective interest rate of approximately 5%.

Note 4.

DISPOSITION OF ASSETS AND OTHER NON-RECURRING CHARGES, NET

During 2002, 2001 and 2000, Edwards Lifesciences recorded non-recurring charges comprised of the following:

2002

In September 2002, the Company recorded a \$67.4 million pretax charge related to the impairment of its investment in preferred stock of World Heart Corporation ("WorldHeart"). The investment was written down to \$6.2 million, which represents the value of the Company's preferred stock investment had it been converted into common stock at October 15, 2002. The decision to record the charge was based primarily on delays in WorldHeart's product development timelines, arising from its revised strategy.

2001

Loss on Sale of Assets (\$68.2 million) Effective June 30, 2001, the Company sold the stock of Edwards Lifesciences Cardiovascular Resources, Inc. ("ELCR") to Fresenius Medical Care AG ("Fresenius") for cash proceeds of \$45.0 million (the "ELCR Sale"), resulting in a pre-tax loss of \$68.2 million. ELCR provided and managed perfusionists, monitoring systems, capital equipment and disposable material on a contract service basis to hospitals in the United States and Puerto Rico.

The following unaudited pro forma consolidated condensed statement of operations gives effect to the ELCR Sale as if it had occurred on January 1, 2001 and excludes the \$68.2 million loss on the sale. The unaudited pro forma consolidated condensed statement of operations does not purport to be indicative of either the results of future operations or the results of operations that would have