

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Edwards Lifesciences is, or may be, a party to, or may be otherwise responsible for, pending or threatened lawsuits related primarily to products and services currently or formerly manufactured or performed, as applicable, by Edwards Lifesciences. Such cases and claims raise difficult and complex factual and legal issues and are subject to many uncertainties and complexities, including, but not limited to, the facts and circumstances of each particular case or claim, the jurisdiction in which each suit is brought, and differences in applicable law. Upon resolution of any pending legal matters, Edwards Lifesciences may incur charges in excess of presently established reserves. While such a charge could have a material adverse impact on Edwards Lifesciences' net income or net cash flows in the period in which it is recorded or paid, management believes that no such charge would have a material adverse effect on Edwards Lifesciences' consolidated financial position.

Edwards Lifesciences also is subject to various environmental laws and regulations both within and outside of the United States. The operations of Edwards Lifesciences, like those of other medical device companies, involve the use of substances regulated under environmental laws, primarily in manufacturing and sterilization processes. While it is difficult to quantify the potential impact of compliance with environmental protection laws, management believes that such compliance will not have a material impact on Edwards Lifesciences' financial position, results of operations or liquidity.

Note 16.

SEGMENT INFORMATION

Edwards Lifesciences manages its business on the basis of one reportable segment. Refer to Note 1 for a description of the Company's business. The Company's products and services share similar distribution channels and customers and are sold principally to hospitals and physicians. Management evaluates its various global product portfolios on a revenue basis, which is presented below, and profitability is generally evaluated on an enterprise-wide basis due to shared infrastructures. Edwards Lifesciences' principal markets are the United States, Europe and Japan.

Geographic area data includes net sales based on product shipment destination and long-lived asset data is presented based on physical location.

		As of or for the years ended December 31,		
(in millions)		2002	2001	2000
Net Sales by				
Geographic Area				
United States	\$ 383.3	\$ 420.8	\$ 481.8	
Europe	157.3	145.4	160.2	
Japan	94.8	62.0	93.9	
Other countries	68.6	63.9	67.9	
	<u>\$ 704.0</u>	<u>\$ 692.1</u>	<u>\$ 803.8</u>	
Net Sales by				
Major Product and Service Area				
Cardiac Surgery	\$ 365.9	\$ 329.0	\$ 311.2	
Critical Care	230.3	209.9	217.3	
Vascular	51.3	49.3	54.8	
Perfusion	43.2	102.1	206.7	
Other Distributed Products	13.3	1.8	13.8	
	<u>\$ 704.0</u>	<u>\$ 692.1</u>	<u>\$ 803.8</u>	
Long-Lived Assets				
by Geographic Area				
United States	\$ 572.2	\$ 657.5	\$ 772.7	
Other countries	70.8	33.4	32.8	
	<u>\$ 643.0</u>	<u>\$ 690.9</u>	<u>\$ 805.5</u>	