

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2024

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from

to

Commission file number 1-15525

EDWARDS LIFESCIENCES CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

36-4316614

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

One Edwards Way
Irvine , California 92614

(Address of principal executive offices and zip code)

(949) 250-2500

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$1.00 per share	EW	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, \$1.00 par value, as of April 25, 2024 was 602.6 million.

EDWARDS LIFESCIENCES CORPORATION
FORM 10-Q
For the quarterly period ended March 31, 2024

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NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements contained in this report to be covered by the safe harbor provisions of such Acts. Statements other than statements of historical or current fact in this report or referred to or incorporated by reference into this report are "forward-looking statements" for purposes of these safe harbor provisions. These statements can sometimes be identified by the use of the forward-looking words such as "may," "believe," "will," "expect," "project," "estimate," "should," "anticipate," "plan," "goal," "continue," "seek," "pro forma," "forecast," "intend," "guidance," "optimistic," "aspire," "confident," other forms of these words or similar words or expressions or the negatives thereof. Statements regarding past performance, efforts, or results about which inferences or assumptions may be made can also be forward-looking statements and are not indicative of future performance or results; these statements can be identified by the use of words such as "preliminary," "initial," "potential," "possible," "diligence," "industry-leading," "compliant," "indications," or "early feedback" or other forms of these words or similar words or expressions or the negatives thereof. These forward-looking statements are subject to substantial risks and uncertainties that could cause our results or future business, financial condition, results of operations or performance to differ materially from our historical results or experiences or those expressed or implied in any forward-looking statements contained in this report. These risks and uncertainties include, but are not limited to: the spin-off of our critical care product group, our ability to develop new products and avoid manufacturing and quality issues; clinical trial or commercial results or new product approvals and therapy adoption; the impact of domestic and global conditions; competition in the markets in which we operate; our reliance on vendors, suppliers, and other third parties; damage, failure or interruption of our information technology systems; the impact of public health crises; consolidation in the healthcare industry; our ability to protect our intellectual property; our compliance with applicable regulations; our exposure to product liability claims; use of our products in unapproved circumstances; changes to reimbursement for our products; the impact of currency exchange rates; unanticipated actions by the United States Food and Drug Administration and other regulatory agencies; changes to tax laws; unexpected impacts or expenses of litigation or internal or government investigations; and other risks detailed under "Risk Factors" in our annual report on Form 10-K for the year ended December 31, 2023, as such risks and uncertainties may be amended, supplemented or superseded from time to time by our subsequent reports on Forms 10-Q and 8-K we file with the United States Securities and Exchange Commission. These forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections.

Unless otherwise indicated or otherwise required by the context, the terms "we," "our," "it," "its," "Company," "Edwards," and "Edwards Lifesciences" refer to Edwards Lifesciences Corporation and its subsidiaries.

Part I. Financial Information

Item 1. Financial Statements

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(in millions, except par value; unaudited)

	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,224.6	\$ 1,144.0
Short-term investments (Note 5)	473.0	500.5
Accounts receivable, net of allowances of \$ 13.5 and \$ 8.3 , respectively	817.6	775.1
Other receivables	59.3	61.8
Inventories (Note 2)	1,207.3	1,168.2
Prepaid expenses	138.1	146.8
Other current assets	250.6	239.3
Total current assets	4,170.5	4,035.7
Long-term investments (Note 5)	455.6	583.9
Property, plant, and equipment, net	1,767.9	1,749.4
Operating lease right-of-use assets	98.4	94.0
Goodwill	1,252.8	1,253.5
Other intangible assets, net	446.8	428.4
Deferred income taxes	776.7	754.6
Other assets (Note 2)	767.6	463.7
Total assets	\$ 9,736.3	\$ 9,363.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 212.3	\$ 201.4
Accrued and other liabilities (Note 2)	873.7	969.1
Operating lease liabilities	24.8	24.9
Total current liabilities	1,110.8	1,195.4
Long-term debt	597.2	597.0
Taxes payable	79.6	80.6
Operating lease liabilities	77.2	73.0
Uncertain tax positions	336.6	339.3
Litigation settlement accrual	82.0	94.2
Other liabilities	266.5	264.3
Total liabilities	2,549.9	2,643.8
Commitments and contingencies (Note 11)		
Stockholders' equity		
Preferred stock, \$ 0.01 par value, authorized 50.0 shares, no shares outstanding	—	—
Common stock, \$ 1.00 par value, 1,050.0 shares authorized, 651.8 and 650.5 shares issued, and 602.4 and 601.1 shares outstanding, respectively	651.8	650.5
Additional paid-in capital	2,379.8	2,274.4
Retained earnings	9,344.3	8,992.4
Accumulated other comprehensive loss (Note 12)	(233.3)	(242.8)
Treasury stock, at cost, 49.4 and 49.4 shares, respectively	(5,024.7)	(5,024.5)
Total Edwards Lifesciences Corporation stockholders' equity	7,117.9	6,650.0
Noncontrolling interest	68.5	69.4
Total stockholders' equity	7,186.4	6,719.4
Total liabilities and equity	\$ 9,736.3	\$ 9,363.2

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

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(in millions, except per share information; unaudited)

	Three Months Ended March 31,	
	2024	2023
Net sales	\$ 1,598.2	\$ 1,459.6
Cost of sales	385.6	329.5
Gross profit	1,212.6	1,130.1
Selling, general, and administrative expenses	489.7	436.3
Research and development expenses	285.2	261.2
Intellectual property agreement and certain litigation expenses (Note 3)	8.9	43.5
Change in fair value of contingent consideration liabilities (Note 7)	—	0.7
Separation costs (Note 4)	41.3	—
Operating income, net	387.5	388.4
Interest income, net	(16.5)	(8.6)
Other income, net	(5.4)	(1.6)
Income before provision for income taxes	409.4	398.6
Provision for income taxes	58.4	58.1
Net income	351.0	340.5
Net loss attributable to noncontrolling interest	(0.9)	—
Net income attributable to Edwards Lifesciences Corporation	\$ 351.9	\$ 340.5
Share information (Note 13)		
Earnings per share:		
Basic	\$ 0.58	\$ 0.56
Diluted	\$ 0.58	\$ 0.56
Weighted-average number of common shares outstanding:		
Basic	601.6	607.5
Diluted	604.1	610.9

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

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(in millions; unaudited)

	Three Months Ended March 31,	
	2024	2023
Net income	\$ 351.0	\$ 340.5
Other comprehensive income (loss), net of tax (Note 12):		
Foreign currency translation adjustments	(26.1)	3.8
Unrealized gain (loss) on hedges	26.9	(17.2)
Unrealized pension credits (costs)	0.3	(0.1)
Unrealized gain on available-for-sale investments	8.4	13.0
Other comprehensive income (loss), net of tax	9.5	(0.5)
Comprehensive income	360.5	340.0
Comprehensive loss attributable to noncontrolling interest	(0.9)	—
Comprehensive income attributable to Edwards Lifesciences Corporation	\$ 361.4	\$ 340.0

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

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(in millions; unaudited)

	Three Months Ended March 31,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 351.0	\$ 340.5
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	38.5	35.2
Non-cash operating lease cost	7.7	6.8
Stock-based compensation (Note 9)	44.6	38.9
Deferred income taxes	(35.8)	(51.8)
Other	(0.5)	1.1
Changes in operating assets and liabilities:		
Accounts and other receivables, net	(55.0)	(77.5)
Inventories	(69.5)	(32.8)
Accounts payable and accrued liabilities	(89.1)	(45.2)
Income taxes	(263.1)	87.2
Prepaid expenses and other current assets	27.1	(23.8)
Intellectual property agreement accrual	(5.2)	29.3
Other	(4.2)	6.2
Net cash (used in) provided by operating activities	(53.5)	314.1
Cash flows from investing activities		
Capital expenditures	(65.3)	(61.5)
Purchases of held-to-maturity investments (Note 5)	(0.8)	(12.5)
Proceeds from held-to-maturity investments (Note 5)	9.3	80.5
Purchases of available-for-sale investments (Note 5)	(1.8)	(3.2)
Proceeds from available-for-sale investments (Note 5)	157.3	183.4
Investments in intangible assets	(20.0)	(13.1)
Business combination, net of cash	—	(141.2)
Payment for acquisition options (Note 6)	(10.8)	(15.0)
Issuances of notes receivable	(2.5)	(15.0)
Other	(2.3)	(1.9)
Net cash provided by investing activities	63.1	0.5
Cash flows from financing activities		
Purchases of treasury stock	(0.2)	(249.3)
Proceeds from stock plans	62.1	41.9
Other	(0.2)	0.8
Net cash provided by (used in) financing activities	61.7	(206.6)
Effect of currency exchange rate changes on cash, cash equivalents, and restricted cash	9.7	(4.2)
Net increase in cash, cash equivalents, and restricted cash	81.0	103.8
Cash, cash equivalents, and restricted cash at beginning of period	1,148.0	772.6
Cash, cash equivalents, and restricted cash at end of period (Note 2)	\$ 1,229.0	\$ 876.4

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

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions; unaudited)

	<u>Common Stock</u>		<u>Treasury Stock</u>							
	Shares	Par Value	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Edwards Lifesciences Corporation Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
				(
		650.5		5,024.5		8,992.4				
Balance at December 31, 2023	650.5	\$	49.4	\$)	\$ 2,274.4	\$	\$ (242.8)	\$ 6,650.0	\$ 69.4	\$ 6,719.4
Net income						351.9		351.9	(0.9)	351.0
Other comprehensive loss, net of tax							9.5	9.5		9.5
Common stock issued under stock plans	1.3	1.3			60.8			62.1		62.1
Stock-based compensation expense					44.6			44.6		44.6
Purchases of treasury stock			—	(0.2)				(0.2)		(0.2)
				(
		651.8		5,024.7		9,344.3				
Balance at March 31, 2024	651.8	\$	49.4	\$)	\$ 2,379.8	\$	\$ (233.3)	\$ 7,117.9	\$ 68.5	\$ 7,186.4

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

EDWARDS LIFESCIENCES CORPORATION
CONSOLIDATED CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions; unaudited)

	Common Stock		Treasury Stock		Total Edwards Lifesciences, Inc.					
	Shares	Par Value	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
				(
		646.3		4,144.0		7,590.0				
Balance at December 31, 2022	646.3	\$	38.0	\$)	\$ 1,969.3	\$	\$ (254.9)	\$ 5,806.7	\$ —	\$ 5,806.7
Net income						340.5		340.5	—	340.5
Other comprehensive loss, net of tax							(0.5)	(0.5)		(0.5)
Common stock issued under stock plans	0.8	0.8			41.1			41.9		41.9
Stock-based compensation expense					38.9			38.9		38.9
Purchases of treasury stock			3.1	(249.5)				(249.5)		(249.5)
Changes to noncontrolling interest									84.0	84.0
				(
		647.1		4,393.5		7,930.5				
Balance at March 31, 2023	647.1	\$	41.1	\$)	\$ 2,049.3	\$	\$ (255.4)	\$ 5,978.0	\$ 84.0	\$ 6,062.0

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

1. BASIS OF PRESENTATION

The accompanying interim consolidated condensed financial statements and related disclosures have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and should be read in conjunction with the consolidated financial statements and notes included in Edwards Lifesciences' Annual Report on Form 10-K for the year ended December 31, 2023. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") have been condensed or omitted.

The consolidated condensed financial statements include the accounts of all wholly-owned subsidiaries and variable interest entities for which the Company is the primary beneficiary. The Company attributes the net income or losses of its consolidated variable interest entities to controlling and noncontrolling interests using the hypothetical liquidation at book value method. All intercompany accounts and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

In the opinion of management, the unaudited interim consolidated condensed financial statements reflect all adjustments necessary for a fair statement of the results for the interim periods presented. All such adjustments, unless otherwise noted herein, are of a normal, recurring nature. The results of operations for the interim periods are not necessarily indicative of the results of operations to be expected for the full year.

There have been no material changes to the Company's significant accounting policies from those described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

Recently Adopted Accounting Standards

In March 2023, the Financial Accounting Standards Board ("FASB") issued an amendment to the accounting guidance on investments in tax credit structures to allow entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. The guidance is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company adopted this guidance on January 1, 2024. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

New Accounting Standards Not Yet Adopted

In March 2024, the SEC issued final climate-related disclosure rules that will require disclosure of material climate-related risks and material direct greenhouse gas emissions from operations owned or controlled (Scope 1) and/or material indirect greenhouse gas emissions from purchased energy consumed in owned or controlled operations (Scope 2). Additionally, the rules require disclosure in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. The new rules will be effective for annual reporting periods beginning in fiscal year 2025, except for the greenhouse gas emissions disclosures which will be effective for annual reporting periods beginning in fiscal year 2026. Subsequent to issuance, the rules became the subject of litigation, and the SEC has issued a stay to allow the legal process to proceed. The Company is currently evaluating the impact the guidance will have on its consolidated financial statements.

In December 2023, the FASB issued an amendment to the accounting guidance on income taxes which requires entities to provide additional information in the rate reconciliation and additional disaggregated disclosures about income taxes paid. This guidance requires public entities to disclose in their rate reconciliation table additional categories of information about federal, state, and foreign income taxes and to provide more details about the reconciling items in some categories if the items meet a quantitative threshold. The guidance is effective for annual periods beginning after December 15, 2024. The Company does not expect the adoption of this guidance to impact its financial statements, but the guidance will impact its income tax disclosures.

In November 2023, the FASB issued an amendment to the accounting guidance on segment reporting. The amendments require disclosure of significant segment expenses and other segment items and requires entities to provide in interim periods all disclosures about a reportable segment's profit or loss and assets that are currently required annually. The amendment also requires disclosure of the title and position of the chief operating decision maker ("CODM") and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate

resources. The guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Retrospective application is required, and early adoption is permitted. The Company is currently evaluating the impact the guidance will have on its consolidated financial statements.

2. OTHER CONSOLIDATED FINANCIAL STATEMENT DETAILS

Composition of Certain Financial Statement Captions

(in millions)

Components of selected captions in the consolidated condensed balance sheets consisted of the following:

	March 31, 2024	December 31, 2023
Inventories		
Raw materials	\$ 280.0	\$ 252.6
Work in process	258.6	220.1
Finished products	668.7	695.5
	<u>\$ 1,207.3</u>	<u>\$ 1,168.2</u>

At March 31, 2024 and December 31, 2023, \$ 161.7 million and \$ 164.6 million, respectively, of the Company's finished products inventories were held on consignment.

	March 31, 2024	December 31, 2023
Other assets		
Tax receivable (Note 14)	\$ 286.4	\$ —
Notes and other receivables	159.5	155.1
Acquisition options	172.1	161.3
Long-term prepaid royalties	107.8	109.9
Fair value of derivatives	27.9	23.4
Other long-term assets	13.9	14.0
	<u>\$ 767.6</u>	<u>\$ 463.7</u>

Accrued and other liabilities		
Employee compensation and withholdings	\$ 237.2	\$ 371.2
Taxes payable	85.0	59.3
Property, payroll, and other taxes	71.2	63.0
Research and development accruals	75.7	74.1
Accrued rebates	120.6	131.4
Fair value of derivatives	4.9	15.2
Accrued marketing expenses	14.1	15.0
Legal and insurance	32.9	30.7
Litigation settlement	76.1	69.1
Accrued relocation costs	19.3	19.2
Accrued professional services	15.7	8.8
Accrued realignment reserves	10.2	12.3
Accrued warranties	10.5	10.0
Other accrued liabilities	100.3	89.8
	<u>\$ 873.7</u>	<u>\$ 969.1</u>

Supplemental Cash Flow Information*(in millions)*

	Three Months Ended March 31,	
	2024	2023
Cash paid during the year for:		
Income taxes (Note 14)	\$ 349.2	\$ 21.7
Amounts included in the measurement of operating lease liabilities	\$ 8.2	\$ 7.1
Non-cash investing and financing transactions:		
Right-of-use assets obtained in exchange for new lease liabilities	\$ 13.4	\$ 2.2
Capital expenditures accruals	\$ 34.3	\$ 26.5

Cash, Cash Equivalents, and Restricted Cash*(in millions)*

	March 31, 2024	December 31, 2023
Cash and cash equivalents	\$ 1,224.6	\$ 1,144.0
Restricted cash included in other current assets	3.6	3.3
Restricted cash included in other assets	0.8	0.7
Total cash, cash equivalents, and restricted cash	<u>\$ 1,229.0</u>	<u>\$ 1,148.0</u>

Amounts included in restricted cash primarily represent funds placed in escrow related to litigation.

3. INTELLECTUAL PROPERTY AGREEMENT AND CERTAIN LITIGATION EXPENSES

On April 12, 2023, Edwards entered into an Intellectual Property Agreement (the "Intellectual Property Agreement") with Medtronic, Inc. ("Medtronic") pursuant to which the parties agreed to a 15-year global covenant not to sue ("CNS") for infringement of certain patents in the structural heart space owned or controlled by each other. In consideration for the global CNS and related mutual access to certain intellectual property rights, Edwards paid to Medtronic a one-time, lump sum payment of \$ 300.0 million and is paying annual royalties tied to net sales of certain Edwards products. Based upon the terms of the Intellectual Property Agreement, the Company identified the relevant elements for accounting purposes and allocated the \$ 300.0 million upfront payment based on their respective fair values. The Company recorded a \$ 37.0 million pre-tax charge in *Intellectual Property Agreement and Certain Litigation Expenses* in March 2023 related primarily to prior commercial sales incurred through March 31, 2023. The Company recorded a prepaid royalty asset of \$ 124.0 million in April 2023 related to future commercial sales, which will be amortized to expense during the term of the Intellectual Property Agreement. Separately, the Company recorded a \$ 139.0 million pre-tax charge in *Intellectual Property Agreement and Certain Litigation Expenses* in April 2023 related to products currently in development.

4. SEPARATION COSTS

On December 7, 2023, the Company announced its intention to complete a spin-off of its Critical Care product group as a separate publicly-traded company to Edwards Lifesciences' shareholders. The proposed spin-off is intended to be a tax-free transaction for U.S. federal income tax purposes and is expected to be completed near the end of 2024, subject to the satisfaction of customary conditions including final approval by the Company's board of directors, receipt of a favorable opinion and Internal Revenue Service ruling with respect to the tax-free nature of the transaction, and the effectiveness of a registration statement on Form 10. The Company incurred separation costs of \$ 41.3 million during the three months ended March 31, 2024, related primarily to consulting, legal, tax, and other professional advisory services associated with the planned spin-off. The costs related primarily to the Company's United States segment.

5. INVESTMENTS

Debt Securities

Investments in debt securities at the end of each period were as follows (in millions):

	March 31, 2024				December 31, 2023			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Held-to-maturity								
Bank time deposits	\$ 56.0	\$ —	\$ —	\$ 56.0	\$ 64.5	\$ —	\$ —	\$ 64.5
Available-for-sale								
U.S. government and agency securities	63.8	—	(2.4)	61.4	72.7	0.1	(2.8)	70.0
Asset-backed securities	148.0	—	(3.8)	144.2	192.1	—	(7.8)	184.3
Corporate debt securities	553.1	0.1	(11.7)	541.5	658.5	—	(16.7)	641.8
Municipal securities	2.8	—	(0.1)	2.7	2.8	—	(0.2)	2.6
Total	\$ 767.7	\$ 0.1	\$ (18.0)	\$ 749.8	\$ 926.1	\$ 0.1	\$ (27.5)	\$ 898.7

The cost and fair value of investments in debt securities, by contractual maturity, as of March 31, 2024, were as follows:

	Held-to-Maturity		Available-for-Sale	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
	(in millions)			
Due in 1 year or less	\$ 56.0	\$ 56.0	\$ 422.8	\$ 417.0
Due after 1 year through 5 years	—	—	181.6	174.8
Instruments not due at a single maturity date ^(a)	—	—	163.3	158.0
	\$ 56.0	\$ 56.0	\$ 767.7	\$ 749.8

(a) Consists of mortgage-backed and asset-backed securities.

Actual maturities may differ from the contractual maturities due to call or prepayment rights.

The following tables present gross unrealized losses and fair values for those investments that were in an unrealized loss position as of March 31, 2024 and December 31, 2023, aggregated by investment category and the length of time that individual securities have been in a continuous loss position (in millions):

	March 31, 2024					
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency securities	\$ —	\$ —	\$ 58.5	\$ (2.4)	\$ 58.5	\$ (2.4)
Asset-backed securities	12.2	(0.1)	130.7	(3.7)	142.9	(3.8)
Corporate debt securities	—	—	430.3	(11.7)	430.3	(11.7)
Municipal securities	—	—	2.6	(0.1)	2.6	(0.1)
	\$ 12.2	\$ (0.1)	\$ 622.1	\$ (17.9)	\$ 634.3	\$ (18.0)

December 31, 2023						
	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
U.S. government and agency securities	\$ —	\$ —	\$ 67.1	\$ (2.8)	\$ 67.1	\$ (
Asset-backed securities	10.2	(1.8)	172.7	(6.0)	182.9	(7
Corporate debt securities	25.0	(0.1)	601.3	(16.6)	626.3	(16
Municipal securities	—	—	2.6	(0.2)	2.6	(0
		(1.9	843.7	(878.9	
	\$ 35.2	\$)	\$	\$ 25.6)	\$	\$ 27

The Company reviews its investments in debt securities to determine if there has been an other-than-temporary decline in fair value. Consideration is given to 1) the financial condition and near-term prospects of the issuer, including the credit quality of the security's issuer, 2) the Company's intent to sell the security, and 3) whether it is more likely than not the Company will have to sell the security before recovery of its amortized cost. The unrealized losses on the debt securities were largely due to changes in interest rates, not credit quality, and as of March 31, 2024, the Company did not intend to sell the securities, and it was not more likely than not that it will be required to sell the securities before recovery of the unrealized losses, and, therefore, the unrealized losses are considered temporary.

Investments in Unconsolidated Entities

The Company has a number of equity investments in unconsolidated entities. These investments are recorded in *Long-term Investments* on the consolidated condensed balance sheets, and are as follows:

	March 31, 2024	December 31, 2023
	(in millions)	
Equity method investments		
Carrying value of equity method investments	\$ 34.1	\$ 33.6
Equity securities		
Carrying value of non-marketable equity securities	88.7	87.6
Total investments in unconsolidated entities	<u>\$ 122.8</u>	<u>\$ 121.2</u>

The Company makes equity investments in limited liability companies that invest in qualified community development entities ("CDEs") through the New Markets Tax Credit ("NMTC") program. The NMTC program provides federal tax incentives to investors to make investments in distressed communities and promotes economic improvements through the development of successful businesses in these communities. The NMTC is equal to 39 % of the qualified investment and is taken over seven years . These limited liability companies are variable interest entities ("VIEs"). The Company determined that it is not the primary beneficiary of the VIEs because it does not have the power to direct the activities that most significantly impact the economic performance of the VIEs and, therefore, the Company does not consolidate these entities. Instead, the NMTC investments are accounted for as equity method investments.

Non-marketable equity securities consist of investments in privately held companies without readily determinable fair values, and are reported at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. The Company recorded a downward adjustment of \$ 2.4 million during the three months ended March 31, 2024 based on observable price changes. As of March 31, 2024, the Company had recorded cumulative upward adjustments of \$ 8.8 million based on observable price changes, and cumulative downward adjustments of \$ 5.5 million due to impairments and observable price changes.

During the three months ended March 31, 2024, the gross realized gains or losses from sales of available-for-sale investments were not material.

6. INVESTMENTS IN VARIABLE INTEREST ENTITIES

The Company reviews its investments in other entities to determine whether the Company is the primary beneficiary of a VIE. The Company would be the primary beneficiary of the VIE, and would be required to consolidate the VIE, if it has the power to direct the significant activities of the entity and the obligation to absorb losses or receive benefits from the entity that may be significant to the VIE. The Company's maximum loss exposure to variable interest entities, prior to the exercise of options to acquire the entities, is limited to its investment in the variable interest entities, which include equity investments, options to acquire, and promissory notes.

Consolidated VIEs

In February 2023, the Company acquired a majority equity interest in a medical technology company pursuant to a preferred stock purchase agreement, and amended and restated a previous option agreement to acquire the remaining equity interest. Edwards concluded that it is the primary beneficiary and consolidated the VIE. The total assets and liabilities of the Company's consolidated VIE was \$ 266.9 million and \$ 28.5 million, respectively, as of March 31, 2024, and were \$ 272.1 million and \$ 31.5 million, respectively, as of December 31, 2023. The assets of the VIE can only be used to settle obligations of the VIE and general creditors have no recourse to the Company.

Unconsolidated VIEs

Edwards has relationships with various VIEs that it does not consolidate as Edwards lacks the power to direct the activities that significantly impact the economic success of these entities.

In April 2021, the Company entered into a promissory note agreement, a preferred stock purchase agreement, and an option agreement with a privately-held medical device company (the "Investee"). The secured promissory note provides for borrowings up to \$ 45.0 million. At both March 31, 2024 and December 31, 2023, the Company had advanced \$ 30.0 million under the promissory note (included in *Other Assets*). As of March 31, 2024 and December 31, 2023, the Company had invested \$ 42.8 million and \$ 39.3 million, respectively, in the Investee's preferred equity securities (included in *Long-term Investments*) and had paid \$ 20.9 million and \$ 13.1 million, respectively, for an option to acquire the Investee (included in *Other Assets*). Pursuant to the agreements, the Company may be required to invest up to an additional \$ 3.0 million in the Investee's preferred equity securities and up to an additional \$ 6.6 million for the option to acquire the Investee.

In March 2023, the Company agreed to pay a medical device company up to \$ 45.0 million as consideration for an option to acquire that medical device company, of which \$ 30.0 million had been paid as of March 31, 2024. Also, in March 2023, Edwards advanced \$ 5.0 million to the medical device company under a convertible promissory note. The option and the note are included in *Other Assets* on the consolidated balance sheets.

In addition, Edwards has made equity investments through the NMTC program in limited liability companies that are considered VIEs. For more information, see Note 5.

7. FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Company prioritizes the inputs used to determine fair values in one of the following three categories:

Level 1—Quoted market prices in active markets for identical assets or liabilities.

Level 2—Inputs, other than quoted prices in active markets, that are observable, either directly or indirectly.

Level 3—Unobservable inputs that are not corroborated by market data.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety.

The consolidated condensed financial statements include financial instruments for which the fair market value of such instruments may differ from amounts reflected on a historical cost basis. Financial instruments of the Company consist of cash deposits, accounts and other receivables, investments, accounts payable, certain accrued liabilities, and borrowings under a revolving credit agreement. The carrying value of these financial instruments generally approximates fair value due to their

short-term nature. Financial instruments also include notes payable. As of March 31, 2024, the fair value of the notes payable, based on Level 2 inputs, was \$ 584.6 million.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table summarizes the Company's financial instruments which are measured at fair value on a recurring basis (in millions):

March 31, 2024	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 430.0	\$ —	\$ —	\$ 430.0
Available-for-sale investments:				
Corporate debt securities	—	541.5	—	541.5
Asset-backed securities	—	144.2	—	144.2
United States government and agency securities	—	61.4	—	61.4
Municipal securities	—	2.7	—	2.7
Investments held for deferred compensation plans	130.7	—	—	130.7
Derivatives	—	57.5	—	57.5
	<u>\$ 560.7</u>	<u>\$ 807.3</u>	<u>\$ —</u>	<u>\$ 1,368.0</u>
Liabilities				
Derivatives	\$ —	\$ 4.9	\$ —	\$ 4.9
Other	—	—	5.0	5.0
	<u>\$ —</u>	<u>\$ 4.9</u>	<u>\$ 5.0</u>	<u>\$ 9.9</u>
December 31, 2023				
Assets				
Cash equivalents	\$ 579.2	\$ —	\$ —	\$ 579.2
Available-for-sale investments:				
Corporate debt securities	—	641.8	—	641.8
Asset-backed securities	—	184.3	—	184.3
United States government and agency securities	—	70.0	—	70.0
Municipal securities	—	2.6	—	2.6
Investments held for deferred compensation plans	125.8	—	—	125.8
Derivatives	—	47.1	—	47.1
	<u>\$ 705.0</u>	<u>\$ 945.8</u>	<u>\$ —</u>	<u>\$ 1,650.8</u>
Liabilities				
Derivatives	\$ —	\$ 15.2	\$ —	\$ 15.2
Other	—	—	10.3	10.3
	<u>\$ —</u>	<u>\$ 15.2</u>	<u>\$ 10.3</u>	<u>\$ 25.5</u>

Cash Equivalents and Available-for-sale Investments

Cash equivalents included money market funds for the periods presented above. The Company estimates the fair values of its money market funds based on quoted prices in active markets for identical assets. The Company estimates the fair values of its corporate debt securities, asset-backed securities, United States and foreign government and agency securities, and municipal securities by taking into consideration valuations obtained from third-party pricing services. The pricing services use industry standard valuation models, including both income and market-based approaches, for which all significant inputs are observable, either directly or indirectly, to estimate fair value. These inputs include reported trades and broker-dealer quotes on the same or similar securities, benchmark yields, credit spreads, prepayment and default projections based on historical data, and other observable inputs. The Company independently reviews and validates the pricing received from the third-party pricing service by comparing the prices to prices reported by a secondary pricing source. The Company's validation procedures have not resulted in an adjustment to the pricing received from the pricing service.

Deferred Compensation Plans

The Company holds investments related to its deferred compensation plans. The investments are in a variety of stock, bond and money market mutual funds. The fair values of these investments are based on quoted market prices.

Derivative Instruments

The Company uses derivative financial instruments in the form of foreign currency forward exchange contracts and cross-currency swap contracts to manage foreign currency exposures. All derivatives contracts are recognized on the balance sheet at their fair value. The fair value of the derivative financial instruments was measured using quoted foreign exchange rates, interest rates, yield curves, and cross-currency swap basis rates. The estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

Contingent Consideration Liabilities

Certain of the Company's acquisitions involve contingent consideration arrangements. Payment of additional consideration is contingent upon the acquired company reaching certain performance milestones, such as attaining specified sales levels or obtaining regulatory approvals. These contingent consideration liabilities are measured at estimated fair value using either a probability weighted discounted cash flow analysis or a Monte Carlo simulation model, both of which consider significant unobservable inputs. As of March 31, 2024, the probability of milestone achievement was determined to be 0 % and, accordingly, the contingent consideration liability was zero .

The following tables summarize the changes in fair value of Level 3 financial instruments measured at fair value on a recurring basis (in millions):

	Contingent Consideration	Other	Total
Balance at December 31, 2023	\$ —	\$ 10.3	\$ 10.3
Changes in fair value	—	(5.3)	(5.3)
Balance at March 31, 2024	\$ —	\$ 5.0	\$ 5.0

	Contingent Consideration	Other	Total
Balance at December 31, 2022	\$ 26.2	\$ 14.0	\$ 40.2
Changes in fair value	0.7	—	0.7
Balance at March 31, 2023	\$ 26.9	\$ 14.0	\$ 40.9

8. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Company uses derivative financial instruments to manage its currency exchange rate risk and its interest rate risk as summarized below. Notional amounts are stated in United States dollar equivalents at spot exchange rates at the respective dates. The Company does not enter into these arrangements for trading or speculation purposes.

	Notional Amount	
	March 31, 2024	December 31, 2023
	(in millions)	
Foreign currency forward exchange contracts	\$ 1,772.3	\$ 1,786.2
Cross-currency swap contracts	300.0	300.0

Derivative financial instruments involve credit risk in the event the counterparty should default. It is the Company's policy to execute such instruments with global financial institutions that the Company believes to be creditworthy. The Company diversifies its derivative financial instruments among counterparties to minimize exposure to any one of these entities. The Company also uses International Swap Dealers Association master-netting agreements. The master-netting agreements provide for the net settlement of all contracts through a single payment in a single currency in the event of default, as defined by the agreements.

The Company uses foreign currency forward exchange contracts and cross-currency swap contracts to manage its exposure to changes in currency exchange rates from (a) future cash flows associated with intercompany transactions and certain local currency expenses expected to occur within approximately 1 year (designated as cash flow hedges), (b) its net investment in certain foreign subsidiaries (designated as net investment hedges) and (c) foreign currency denominated assets or liabilities (designated as fair value hedges). The Company also uses foreign currency forward exchange contracts that are not

designated as hedging instruments to offset the transaction gains and losses associated with revaluation of certain assets and liabilities denominated in currencies other than their functional currencies (resulting principally from intercompany and local currency transactions).

All derivative financial instruments are recognized at fair value in the consolidated condensed balance sheets. For each derivative instrument that is designated as a fair value hedge, the gain or loss on the derivative included in the assessment of hedge effectiveness is recognized immediately to earnings, and offsets the loss or gain on the underlying hedged item. The Company reports in *Accumulated Other Comprehensive Loss* the gain or loss on derivative financial instruments that are designated, and that qualify, as cash flow hedges. The Company reclassifies these gains and losses into earnings in the same line item and in the same period in which the underlying hedged transactions affect earnings. Changes in the fair value of net investment hedges are reported in *Accumulated Other Comprehensive Loss* as a part of the cumulative translation adjustment and would be reclassified into earnings if the underlying net investment is sold or substantially liquidated. The portion of the change in fair value related to components excluded from the hedge effectiveness assessment are amortized into earnings over the life of the derivative. The gains and losses on derivative financial instruments for which the Company does not elect hedge accounting treatment are recognized in the consolidated statements of operations in each period based upon the change in the fair value of the derivative financial instrument. Cash flows from net investment hedges are reported as investing activities in the consolidated statements of cash flows, and cash flows from all other derivative financial instruments are reported as operating activities.

The following table presents the location and fair value amounts of derivative instruments reported in the consolidated condensed balance sheets (in millions):

Derivatives designated as hedging instruments	Balance Sheet Location	Fair Value	
		March 31, 2024	December 31, 2023
Assets			
Foreign currency contracts	Other current assets	\$ 29.6	\$ 23.7
Cross-currency swap contracts	Other assets	\$ 27.9	\$ 23.4
Liabilities			
Foreign currency contracts	Accrued and other liabilities	\$ 4.9	\$ 15.2

The following table presents the effect of master-netting agreements and rights of offset on the consolidated condensed balance sheets (in millions):

	Gross Amounts Not Offset in the Consolidated Balance Sheet					
	Gross Amounts	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet			
				Financial Instruments	Cash Collateral Received	Net Amount
<u>March 31, 2024</u>						
Derivative assets						
Foreign currency contracts	\$ 29.6	\$ —	\$ 29.6	\$ (4.9)	\$ —	\$ 24.7
Cross-currency swap contracts	\$ 27.9	\$ —	\$ 27.9	\$ —	\$ —	\$ 27.9
Derivative liabilities						
Foreign currency contracts	\$ 4.9	\$ —	\$ 4.9	\$ (4.9)	\$ —	\$ —
<u>December 31, 2023</u>						
Derivative assets						
Foreign currency contracts	\$ 23.7	\$ —	\$ 23.7	\$ (9.4)	\$ —	\$ 14.3
Cross-currency swap contracts	\$ 23.4	\$ —	\$ 23.4	\$ —	\$ —	\$ 23.4
Derivative liabilities						
Foreign currency contracts	\$ 15.2	\$ —	\$ 15.2	\$ (9.4)	\$ —	\$ 5.8

The following tables present the effect of derivative and non-derivative hedging instruments on the consolidated condensed statements of operations and consolidated condensed statements of comprehensive income (in millions):

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Reclassified from Accumulated OCI into Income	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024	2023		2024	2023
Cash flow hedges					
Foreign currency contracts	\$ 36.2	\$ 3.7	Cost of sales	\$ 2.4	\$ 29.8

	Amount of Gain or (Loss) Recognized in OCI on Derivative (Effective Portion)		Location of Gain or (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Three Months Ended March 31,			Three Months Ended March 31,	
	2024	2023		2024	2023
Net investment hedges					
Cross-currency swap contracts	\$ 4.4	\$ (2.5)	Interest income, net	\$ 1.7	\$ 1.7

The cross-currency swap contracts have an expiration date of June 15, 2028. At the maturity of the cross-currency swap contracts, the Company will deliver the notional amount of € 257.2 million and will receive \$ 300.0 million from the counterparties. The Company receives semi-annual interest payments from the counterparties based on a fixed interest rate until maturity of the agreements.

	Location of Gain or (Loss) Recognized in Income on Derivative	Amount of Gain or (Loss) Recognized in Income on Derivative	
		Three Months Ended March 31,	
		2024	2023
Fair value hedges			
Foreign currency contracts	Other income, net	\$ 4.8	\$ —

		Amount of Gain or (Loss) Recognized in Income on Derivative	
		Three Months Ended March 31,	
	Location of Gain or (Loss) Recognized in Income on Derivative	2024	2023
Derivatives not designated as hedging instruments			
Foreign currency contracts	Other income, net	\$ 12.4	\$ (5.4)

The following tables present the effect of fair value and cash flow hedge accounting on the consolidated condensed statements of operations (in millions):

	Location and Amount of Gain or (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	Three Months Ended March 31, 2024	
	Cost of sales	Other income, net
Total amounts of income and expense line items presented in the consolidated condensed statements of operations in which the effects of fair value or cash flow hedges are recorded	\$ (385.6)	\$ 5.4
The effects of fair value and cash flow hedging:		
Gain (loss) on fair value hedging relationships:		
Foreign currency contracts:		
Hedged items	\$ —	\$ (4.0)
Derivatives designated as hedging instruments	\$ —	\$ 4.0
Amount excluded from effectiveness testing recognized in earnings based on an amortization approach	\$ —	\$ 0.8
Gain (loss) on cash flow hedging relationships:		
Foreign currency contracts:		
Amount of gain (loss) reclassified from accumulated OCI into income	\$ 2.4	\$ —

	Location and Amount of Gain or (Loss) Recognized in Income on Fair Value and Cash Flow Hedging Relationships	
	Three Months Ended March 31, 2023	
	Cost of sales	Other income, net
Total amounts of income and expense line items presented in the consolidated condensed statements of operations in which the effects of fair value or cash flow hedges are recorded	\$ (329.5)	\$ 1.6
The effects of fair value and cash flow hedging:		
Gain (loss) on fair value hedging relationships:		
Foreign currency contracts:		
Hedged items	\$ —	\$ 1.2
Derivatives designated as hedging instruments	\$ —	\$ (1.2)
Amount excluded from effectiveness testing recognized in earnings based on an amortization approach	\$ —	\$ 1.2
Gain (loss) on cash flow hedging relationships:		
Foreign currency contracts:		
Amount of gain (loss) reclassified from accumulated OCI into income	\$ 29.8	\$ —

The Company expects that during the next twelve months it will reclassify to earnings a \$ 12.7 million gain currently recorded in *Accumulated Other Comprehensive Loss*.

9. STOCK-BASED COMPENSATION

Stock-based compensation expense related to awards issued under the Company's incentive compensation plans for the three months ended March 31, 2024 and 2023 was as follows (in millions):

	Three Months Ended March 31,	
	2024	2023
Cost of sales	\$ 8.2	\$ 7.0
Selling, general, and administrative expenses	24.6	22.3
Research and development expenses	11.2	9.6
Separation costs	0.6	—
Total stock-based compensation expense	44.6	38.9
Income tax benefit	(6.2)	(4.7)
Total stock-based compensation expense, net of tax	\$ 38.4	\$ 34.2

At March 31, 2024, the total remaining compensation cost related to nonvested stock options, restricted stock units, market-based restricted stock units, and employee stock purchase plan ("ESPP") subscription awards amounted to \$ 242.6 million, which will be amortized on a straight-line basis over each award's requisite service period. The weighted-average remaining requisite service period is 30 months.

Fair Value Disclosures

The following table includes the weighted-average grant-date fair values of stock options granted during the periods indicated and the related weighted-average assumptions used in the Black-Scholes option pricing model:

<i>Option Awards</i>	Three Months Ended March 31,	
	2024	2023
Risk-free interest rate	4.3 %	4.1 %
Expected dividend yield	None	None
Expected volatility	32.7 %	31.3 %
Expected term (years)	5.3	5.3
Fair value, per option	\$ 32.91	\$ 27.77

The following table includes the weighted-average grant-date fair values for ESPP subscriptions granted during the periods indicated and the related weighted-average assumptions used in the Black-Scholes option pricing model:

<i>ESPP</i>	Three Months Ended March 31,	
	2024	2023
Risk-free interest rate	5.1 %	4.6 %
Expected dividend yield	None	None
Expected volatility	34.8 %	31.5 %
Expected term (years)	0.6	0.6
Fair value, per share	\$ 25.52	\$ 21.10

10. ACCELERATED SHARE REPURCHASE

During 2023, the Company entered into an accelerated share repurchase ("ASR") agreement providing for the repurchase of the Company's common stock based on the volume-weighted average price ("VWAP") of the Company's common stock during the term of the agreement, less a discount. The following table summarizes the terms of the ASR agreement (dollars and shares in millions, except per share data):

Agreement Date	Initial Delivery				Final Settlement		
	Amount Paid	Shares Received	Price per Share	Value of Shares as % of Contract Value	Settlement Date	Total Shares Received	Average Price per Share
February 2023	\$ 200.0	2.0	\$ 80.44	80 %	March 2023	2.5	\$ 79.28

The ASR agreement was accounted for as two separate transactions: (1) the value of the initial delivery of shares was recorded as shares of common stock acquired in a treasury stock transaction on the acquisition date, and (2) the remaining amount of the purchase price paid was recorded as a forward contract indexed to the Company's own common stock and was initially recorded in *Additional Paid-in Capital* and subsequently, upon settlement, was transferred to *Treasury Stock* on the consolidated condensed balance sheets. The initial delivery of shares resulted in an immediate reduction of the outstanding shares used to calculate the weighted-average common shares outstanding for basic and diluted earnings per share. The Company determined that the forward contract indexed to the Company's common stock met all the applicable criteria for equity classification and, therefore, was not accounted for as a derivative instrument.

11. COMMITMENTS AND CONTINGENCIES

In 2021, the Company initiated an internal review and investigation into whether business activities in Japan and other markets violated certain provisions of the Foreign Corrupt Practices Act ("FCPA"). The Company voluntarily notified the SEC and the United States Department of Justice ("DOJ") during 2021 that it has engaged outside counsel to conduct this review and investigation. The Company has provided status updates to the SEC and DOJ since that time. Any determination that the Company's operations or activities are not in compliance with existing laws, including the FCPA, could result in the imposition of fines, penalties, and equitable remedies. The Company cannot currently predict the final outcome of the investigation or any potential impact on its financial statements.

On September 28, 2021, Aortic Innovations LLC, a non-practicing entity, filed a lawsuit against Edwards Lifesciences Corporation and certain of its subsidiaries ("Edwards") in the United States District Court for the District of Delaware alleging that Edwards' *SAPIEN 3 Ultra* product infringes certain of its patents. The Company is unable to predict the ultimate outcome of this matter or estimate a range of possible exposure; therefore, no amounts have been accrued. The Company intends to vigorously defend itself in this litigation.

The European Commission (the "Commission") is investigating certain business practices of Edwards including its unilateral pro-innovation (anti-copycat) policy and patent practices. The Company is cooperating with the Commission and believes its business practices support healthy competition. The Company cannot predict the outcome of the investigation or the potential impact on our financial statements.

The Company is or may be a party to, or may otherwise be responsible for, pending or threatened lawsuits including those related to products and services currently or formerly manufactured or performed, as applicable, by the Company, workplace and employment matters, matters involving real estate, Company operations or health care regulations, contingent considerations, or governmental investigations (the "Lawsuits"). The Lawsuits raise difficult and complex factual and legal issues and are subject to many uncertainties, 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. Management does not believe that any loss relating to the Lawsuits would have a material adverse effect on the Company's overall financial condition, results of operations or cash flows. However, the resolution of one or more of the Lawsuits in any reporting period, could have a material adverse impact on the Company's financial results for that period. The Company is not able to estimate the amount or range of any loss for legal contingencies related to the Lawsuits for which there is no reserve or additional loss for matters already reserved.

The Company is subject to various environmental laws and regulations both within and outside of the United States. The Company's operations, 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 continuing compliance with environmental protection laws, management believes that such compliance will not have a material impact on the Company's financial results. The Company's threshold for disclosing material environmental legal proceedings involving a governmental authority where potential monetary sanctions are involved is \$ 1 million.

12. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following tables summarize the activity for each component of *Accumulated Other Comprehensive Loss* (in millions):

	Foreign Currency Translation Adjustments	Unrealized Gain on Hedges	Unrealized Loss on Available-for-sale Investments	Unrealized Pension Costs	Total Accumulated Other Comprehensive Loss
December 31, 2023	\$ (214.5)	\$ 0.7	\$ (24.8)	\$ (4.2)	\$ (242.8)
Other comprehensive (loss) income before reclassifications	(23.3)	43.4	7.0	0.4	27.5
Amounts reclassified from accumulated other comprehensive loss	(1.7)	(7.2)	2.5	—	(6.4)
Deferred income tax expense	(1.1)	(9.3)	(1.1)	(0.1)	(11.6)
March 31, 2024	<u>\$ (240.6)</u>	<u>\$ 27.6</u>	<u>\$ (16.4)</u>	<u>\$ (3.9)</u>	<u>\$ (233.3)</u>

	Foreign Currency Translation Adjustments	Unrealized Gain on Hedges	Unrealized Loss on Available-for-sale Investments	Unrealized Pension Credits	Total Accumulated Other Comprehensive Loss
December 31, 2022	\$ (218.8)	\$ 23.8	\$ (65.6)	\$ 5.7	\$ (254.9)
Other comprehensive income (loss) before reclassifications	4.9	6.7	9.0	(0.1)	20.5
Amounts reclassified from accumulated other comprehensive loss	(1.7)	(29.8)	4.0	—	(27.5)
Deferred income tax benefit	0.6	5.9	—	—	6.5
March 31, 2023	<u>\$ (215.0)</u>	<u>\$ 6.6</u>	<u>\$ (52.6)</u>	<u>\$ 5.6</u>	<u>\$ (255.4)</u>

The following table provides information about amounts reclassified from *Accumulated Other Comprehensive Loss* (in millions):

Details about Accumulated Other Comprehensive Loss Components	Three Months Ended March 31,		Affected Line on Consolidated Condensed Statements of Operations
	2024	2023	
Foreign currency translation adjustments	\$ 1.7	\$ 1.7	Other income, net
	(0.4)	(0.4)	Provision for income taxes
	\$ 1.3	\$ 1.3	Net of tax
Gain on hedges	\$ 2.4	\$ 29.8	Cost of sales
	4.8	—	Other income, net
	7.2	29.8	Total before tax
	(1.5)	(7.1)	Provision for income taxes
	\$ 5.7	\$ 22.7	Net of tax
Loss on available-for-sale investments	\$ (2.5)	\$ (4.0)	Interest income, net
	0.6	1.0	Provision for income taxes
	\$ (1.9)	\$ (3.0)	Net of tax

13. EARNINGS PER SHARE

Basic earnings per share is computed by dividing net income by the weighted-average common shares outstanding during the period. Diluted earnings per share is computed based on the weighted-average common shares outstanding plus the effect of dilutive potential common shares outstanding during the period calculated using the treasury stock method. Dilutive potential common shares include employee equity share options, nonvested shares, and similar equity instruments granted by the Company. Potential common share equivalents have been excluded where their inclusion would be anti-dilutive.

The table below presents the computation of basic and diluted earnings per share (in millions, except for per share information):

	Three Months Ended March 31,	
	2024	2023
Basic:		
Net income attributable to Edwards Lifesciences Corporation	\$ 351.9	\$ 340.5
Weighted-average shares outstanding	601.6	607.5
Basic earnings per share	\$ 0.58	\$ 0.56
Diluted:		
Net income attributable to Edwards Lifesciences Corporation	\$ 351.9	\$ 340.5
Weighted-average shares outstanding	601.6	607.5
Dilutive effect of stock plans	2.5	3.4
Dilutive weighted-average shares outstanding	604.1	610.9
Diluted earnings per share	\$ 0.58	\$ 0.56

Stock options, restricted stock units, and market-based restricted stock units to purchase an aggregate of 5.3 million and 5.2 million common shares for the three months ended March 31, 2024 and 2023, respectively, were outstanding, but were not included in the computation of diluted earnings per share for such periods because the effect would have been anti-dilutive.

14. INCOME TAXES

The Company's effective income tax rates were 14.3 % and 14.6 % for the three months ended March 31, 2024 and 2023, respectively. The decrease in the effective rate between the three months ended March 31, 2024 and 2023 is primarily due to an increased tax benefit from employee share-based compensation. In addition, the effective rates for the three months ended March 31, 2024 and 2023 were lower than the federal statutory rate of 21% primarily due to (1) foreign earnings taxed at lower rates, (2) Federal and California research and development credits, and (3) the tax benefit from employee share-based compensation. The effective rates include a tax benefit from employee share-based compensation of \$ 6.3 million and \$ 2.9 million for the three months ended March 31, 2024 and 2023, respectively.

In the normal course of business, the Internal Revenue Service ("IRS") and other taxing authorities are in different stages of examining various years of the Company's tax filings. During these audits, the Company may receive proposed audit adjustments that could be material. An adverse outcome in these audits could have a material effect on the Company's results of operations and financial condition. The Company strives to resolve open matters with each tax authority at the examination level and could reach agreement with a tax authority at any time. While the Company has accrued for matters it believes are more likely than not to require settlement, the final outcome with a tax authority may result in a tax liability that is materially different from that reflected in the consolidated financial statements. Furthermore, the Company may later decide to challenge any assessments, if made, and may exercise its right to appeal. The uncertain tax positions are reviewed quarterly and adjusted as events occur that affect potential liabilities for additional taxes, such as lapsing of applicable statutes of limitations, proposed assessments by tax authorities, negotiations between tax authorities, identification of new issues, and issuance of new legislation, regulations, or case law.

As of March 31, 2024 and December 31, 2023, the gross liability recorded for income taxes associated with uncertain tax positions was \$ 608.8 million and \$ 583.9 million, respectively. The Company estimates that these liabilities would be reduced by \$ 265.9 million and \$ 250.7 million, respectively, from offsetting tax benefits associated with the correlative effects of potential transfer pricing adjustments, state income taxes, and timing adjustments. The net amounts of \$ 342.9 million and \$ 333.2 million, respectively, if not required, would favorably affect the Company's effective tax rate. Management believes that adequate amounts of tax and related penalty and interest have been provided for any adjustments that may result from these uncertain tax positions.

The Company executed an Advance Pricing Agreement ("APA") in 2018 between the United States and Switzerland governments for tax years 2009 through 2020 covering various, but not all, transfer pricing matters. The unagreed transfer pricing matters, namely Surgical Structural Heart and Transcatheter Aortic Valve Replacement (collectively "Surgical/TAVR") intercompany royalty transactions, then reverted to IRS examination for further consideration as part of the respective years' regular tax audits. In addition, the Company executed other bilateral APAs as follows: during 2017, an APA between the United States and Japan covering tax years 2015 through 2019; and during 2018, APAs between Singapore and Japan and between Switzerland and Japan covering tax years 2015 through 2019. The Company has filed to renew all three of the APAs with Japan for the years 2020 and forward. An APA between Switzerland and Japan covering tax years 2020 through 2024 was executed in 2021. An APA between the United States and Japan covering tax years 2020 through 2024 was executed in 2023. The execution of some or all these APA renewals depends on many variables outside of Edwards' control.

The audits of the Company's United States federal income tax returns through 2014 have been closed. The IRS audit field work for the 2015 through 2017 tax years was completed during the second quarter of 2021, except for transfer pricing and related matters. The IRS is currently examining the 2018 through 2020 tax years.

The audits of the Company's material state, local, and foreign income tax matters have been concluded for years through 2015. While not material, the Company continues to address matters in India for years since 2010.

During 2021, the Company received a Notice of Proposed Adjustment ("NOPA") from the IRS for the 2015 through 2017 tax years relating to transfer pricing involving Surgical/TAVR intercompany royalty transactions between the Company's United States and Switzerland subsidiaries. The NOPA proposed a substantial increase to the Company's United States taxable income, which could result in additional tax expense for this period of approximately \$ 230 million and reflects a departure from a transfer pricing method the Company had previously agreed upon with the IRS. The Company disagreed with the NOPA and pursued an administrative appeal with the IRS Independent Office of Appeals ("Appeals"). The Appeals process culminated in the third quarter of 2023 when the Company and Appeals concluded that a satisfactory resolution of the matter at the administrative level was not possible.

During the fourth quarter of 2023, Appeals issued a notice of deficiency ("NOD") increasing the Company's 2015 through 2017 United States federal income tax in amounts resulting from the income adjustments previously reflected in the NOPA.

The additional tax sought in excess of the Company's filing position is \$ 269.3 million before consideration of interest and a repatriation tax offset.

The Company plans to vigorously contest the additional tax claimed by the IRS through the judicial process. Final resolution of this matter is not likely within the next 12 months. The Company believes the amounts previously accrued related to this uncertain tax position are appropriate for a number of reasons, including the interpretation and application of relevant tax law and accounting standards to the Company's facts and, accordingly, has not accrued any additional amount based on the NOD and other proceedings to date. Nonetheless, the outcome of the judicial process cannot be predicted with certainty, and it is possible that the outcome of that process could have a material impact on the Company's consolidated financial statements. As noted below, similar material tax disputes may arise for the 2018 through 2023 tax years. While no payment of any amount related to the NOPA or NOD has yet been required, the Company made a partial deposit with the IRS of \$ 75 million in November 2022 to prevent the further accrual of interest on that portion of any additional tax the Company may ultimately be found to owe. In March 2024, the Company made an additional deposit with the IRS of \$ 305 million to further mitigate interest on potential tax liabilities while the Company prepares to contest through the judicial process the IRS's entitlement to any of the additional tax claimed by the IRS.

Surgical/TAVR intercompany royalty transactions covering tax years 2018 through 2023 remain subject to IRS examination, and those transactions and related tax positions remain uncertain as of March 31, 2024. The Company has considered this information, as well as information regarding the NOPA, the rebuttal and Appeals discussions described above, in its evaluation of its uncertain tax positions. The impact of these unresolved transfer pricing matters, net of any correlative tax adjustments, may be significant to the Company's consolidated financial statements. Based on the information currently available and numerous possible outcomes, the Company cannot reasonably estimate what, if any, changes in its existing uncertain tax positions may occur in the next 12 months and, therefore, has continued to record the uncertain tax positions as a long-term liability.

During the first quarter of 2024, the Company received a notice of assessment from the Israel Tax Authority ("ITA") wherein the ITA claimed that the Company owes approximately \$ 110 million of tax excluding interest and penalties in connection with a claimed 2017 transfer of intellectual property. The Company maintains that it did not transfer intellectual property outside of Israel and intends to vigorously defend that position through administrative and, if necessary, judicial proceedings. There can be no assurance that this matter will be resolved in the Company's favor and an adverse outcome could have a material effect on the Company's consolidated financial statements.

15. SEGMENT INFORMATION

Edwards Lifesciences conducts operations worldwide and is managed in the following geographical regions: United States, Europe, Japan, and Rest of World. All regions sell products that are used to treat advanced cardiovascular disease.

The Company's geographic segments are reported based on the financial information provided to the Chief Operating Decision Maker (the Chief Executive Officer). The Company evaluates the performance of its geographic segments based on net sales and operating income. Segment net sales and segment operating income are based on internally derived foreign exchange rates and do not include inter-segment profits. Because of the interdependence of the reportable segments, the operating profit as presented may not be representative of the geographical distribution that would occur if the segments were not interdependent. Net sales by geographic area are based on the location of the customer. There were no customers that represented 10% or more of the Company's total net sales.

Certain items are maintained at the corporate level and are not allocated to the segments. The non-allocated items include corporate research and development expenses, manufacturing variances, corporate headquarters costs, net interest income, global marketing expenses, special gains and charges, stock-based compensation, foreign currency hedging activities, certain litigation costs, changes in the fair value of contingent consideration liabilities, and most of the Company's amortization expense. Although most of the Company's depreciation expense is included in segment operating income, due to the Company's methodology for cost build-up, it is impractical to determine the amount of depreciation expense included in each segment and, therefore, a portion is maintained at the corporate level. The Company neither discretely allocates assets to its operating segments, nor evaluates the operating segments using discrete asset information.

The table below presents information about Edwards Lifesciences' reportable segments (in millions):

	Three Months Ended March 31,	
	2024	2023
Segment Net Sales		
United States	\$ 940.7	\$ 849.1
Europe	363.0	335.4
Japan	112.9	104.3
Rest of World	182.0	165.6
Total segment net sales	<u>\$ 1,598.6</u>	<u>\$ 1,454.4</u>
Segment Operating Income		
United States	\$ 616.7	\$ 563.4
Europe	191.4	181.7
Japan	60.4	63.4
Rest of World	77.0	70.5
Total segment operating income	<u>\$ 945.5</u>	<u>\$ 879.0</u>

The table below presents reconciliations of segment net sales to consolidated net sales and segment operating income to consolidated pre-tax income (in millions):

	Three Months Ended March 31,	
	2024	2023
Net Sales Reconciliation		
Segment net sales	\$ 1,598.6	\$ 1,454.4
Foreign currency	(0.4)	5.2
Consolidated net sales	<u>\$ 1,598.2</u>	<u>\$ 1,459.6</u>
Pre-tax Income Reconciliation		
Segment operating income	\$ 945.5	\$ 879.0
Unallocated amounts:		
Corporate items	(503.9)	(468.9)
Separation costs (Note 4)	(41.3)	—
Intellectual property agreement and certain litigation expenses	(8.9)	(43.5)
Change in fair value of contingent consideration liabilities	—	(0.7)
Foreign currency	(3.9)	22.5
Consolidated operating income	<u>387.5</u>	<u>388.4</u>
Non-operating income	21.9	10.2
Consolidated pre-tax income	<u>\$ 409.4</u>	<u>\$ 398.6</u>

Enterprise-wide Information*(in millions)*

The following enterprise-wide information is based on actual foreign exchange rates used in the Company's consolidated condensed financial statements.

	Three Months Ended March 31,	
	2024	2023
Net Sales by Geographic Region		
United States	\$ 940.7	\$ 849.1
Europe	367.8	331.1
Japan	110.8	114.1
Rest of World	178.9	165.3
	<u>\$ 1,598.2</u>	<u>\$ 1,459.6</u>
Net Sales by Major Product Group		
Transcatheter Aortic Valve Replacement	\$ 1,007.9	\$ 947.9
Transcatheter Mitral and Tricuspid Therapies	72.9	41.6
Surgical Structural Heart	266.1	248.2
Critical Care	251.3	221.9
	<u>\$ 1,598.2</u>	<u>\$ 1,459.6</u>

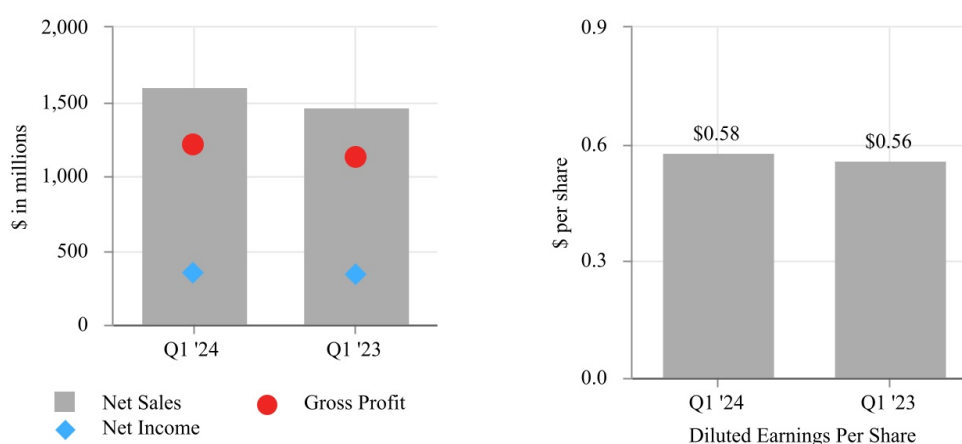
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The following discussion and analysis contains forward-looking statements within the meaning of the federal securities laws, and should be read in conjunction with the disclosures we make concerning risks and other factors that may affect our business and operating results. See "Note Regarding Forward-Looking Statements" preceding Part I, Item 1 in this Quarterly Report on Form 10-Q.

We are the global leader in patient-focused medical innovations for structural heart disease and critical care monitoring. Driven by a passion to help patients, we partner with the world's leading clinicians and researchers and invest in research and development to transform care for those impacted by structural heart disease or who require hemodynamic monitoring during surgery or in intensive care. We conduct operations worldwide and are managed in the following geographical regions: United States, Europe, Japan, and Rest of World. Our products are categorized into the following groups: Transcatheter Aortic Valve Replacement ("TAVR"), Transcatheter Mitral and Tricuspid Therapies ("TMTT"), Surgical Structural Heart ("Surgical"), and Critical Care. On December 7, 2023, we announced our intention to complete a tax-free spin-off of our Critical Care product group near the end of 2024. The planned separation will enable us to pursue expanded opportunities for TAVR, TMTT, and Surgical patients, as well as new investments in interventional heart failure technologies.

Financial Highlights



Our net sales for the first three months of 2024 were \$1.6 billion, representing an increase of \$138.6 million over the first three months of 2023, driven primarily by sales of our TAVR products.

Our gross profit increased in the three months ended March 31, 2024, driven by our sales growth. Gross profit as a percentage of sales decreased primarily due to foreign currency rate fluctuations. The increase in our diluted earnings per share in the three months ended March 31, 2024 was driven by our increased gross profit, partially offset by an after-tax charge of \$36.8 million related to costs associated with the planned spin-off of our Critical Care product group. See Note 4 to the *Consolidated Condensed Financial Statements* for further information.

Healthcare Environment, Opportunities, and Challenges

The medical technology industry is highly competitive and continues to evolve. Our success is measured both by the development of innovative products and the value we bring to our stakeholders. We are committed to developing new technologies and providing innovative patient care, and we are committed to defending our intellectual property in support of those developments. Our vision for growth is to treat patients with both valvular and non-valvular structural heart disease, such as heart failure, which is a natural progression of the disease for many patients suffering from aortic stenosis and mitral and tricuspid regurgitation. In the first three months of 2024, we invested 17.8% of our net sales in research and development.

We are dedicated to generating robust clinical, economic, and quality-of-life evidence increasingly expected by patients, clinicians, and payors in the current healthcare environment, with the goal of encouraging the adoption of innovative new medical therapies that demonstrate superior outcomes.

New Accounting Standards

Information on new accounting standards is included in Note 1 to the *Consolidated Condensed Financial Statements*.

Results of Operations

Net Sales by Region

(dollars in millions)

	Three Months Ended March 31,		Change	Percent Change	
	2024	2023			
United States	\$ 940.7	\$ 849.1	\$ 91.6	10.8	%
Europe	367.8	331.1	36.7	11.1	%
Japan	110.8	114.1	(3.3)	(2.8)	%
Rest of World	178.9	165.3	13.6	8.2	%
Outside of the United States	657.5	610.5	47.0	7.7	%
Total net sales	\$ 1,598.2	\$ 1,459.6	\$ 138.6	9.5	%

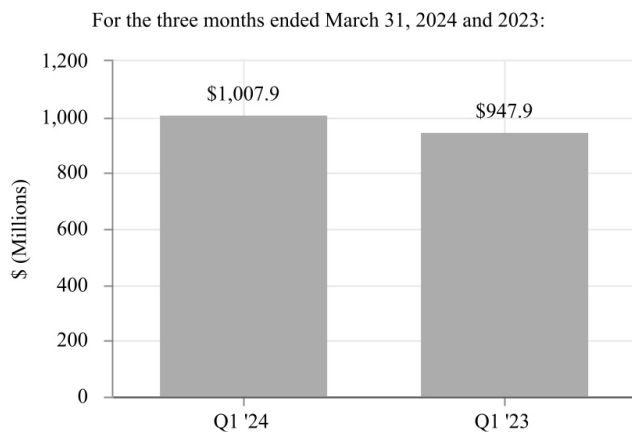
Net sales outside of the United States include the impact of foreign currency exchange rate fluctuations. The impact of foreign currency exchange rate fluctuations on net sales is not necessarily indicative of the impact on net income due to the corresponding effect of foreign currency exchange rate fluctuations on international manufacturing and operating costs, and our hedging activities.

Net Sales by Product Group

(dollars in millions)

	Three Months Ended March 31,		Change	Percent Change	
	2024	2023			
Transcatheter Aortic Valve Replacement	\$ 1,007.9	\$ 947.9	\$ 60.0	6.3	%
Transcatheter Mitral and Tricuspid Therapies	72.9	41.6	31.3	75.2	%
Surgical Structural Heart	266.1	248.2	17.9	7.2	%
Critical Care	251.3	221.9	29.4	13.3	%
Total net sales	\$ 1,598.2	\$ 1,459.6	\$ 138.6	9.5	%

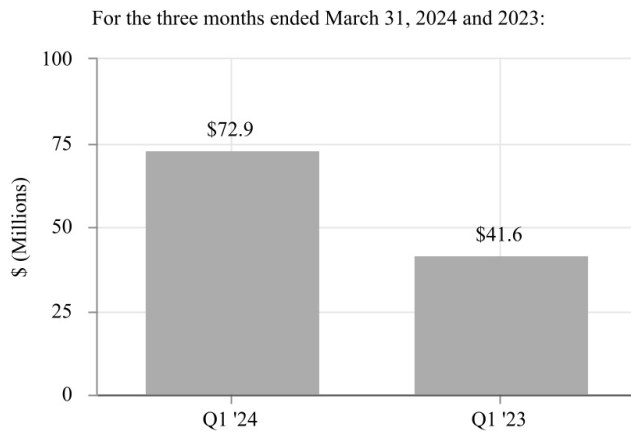
Transcatheter Aortic Valve Replacement Sales



Net sales of TAVR products increased for the three months ended March 31, 2024 driven by higher sales of the *Edwards SAPIEN* platform in 2024, primarily the *Edwards SAPIEN 3 Ultra RESILIA* valve in the United States and Japan, and the *Edwards SAPIEN 3 Ultra* valve in Europe.

In January 2024, we completed patient treatment in our PROGRESS pivotal trial, studying the treatment of moderate aortic stenosis patients, and we received CE Mark approval for the *Edwards SAPIEN 3 Ultra RESILIA* valve in Europe.

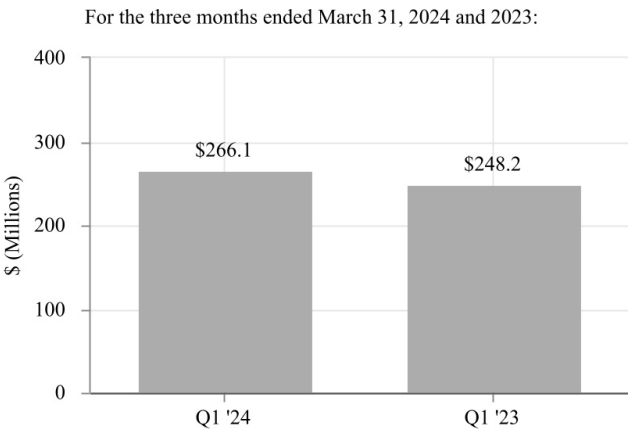
Transcatheter Mitral and Tricuspid Therapies Sales



Net sales of TMTT products increased for the three months ended March 31, 2024 primarily due to higher sales of our *PASCAL* system and our *EVOQUE* replacement system in the United States and Europe.

In mitral replacement, we completed enrollment in the ENCIRCLE pivotal trial for *SAPIEN M3* and, in January 2024, we received FDA approval for a *SAPIEN M3* continued access program. In February 2024, we received FDA approval for *EVOQUE* for the treatment of tricuspid regurgitation.

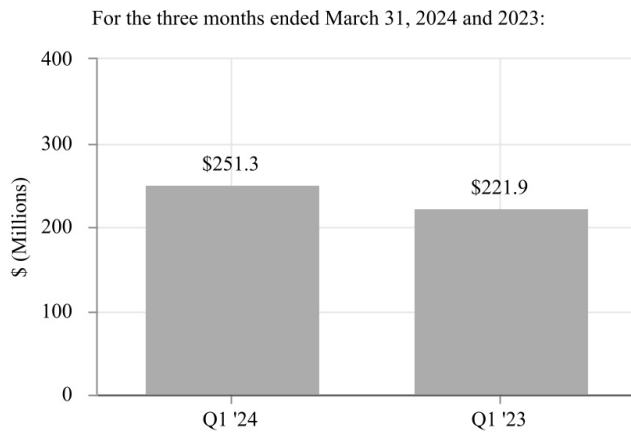
Surgical Structural Heart Sales



Net sales of Surgical products increased for the three months ended March 31, 2024 primarily due to higher sales of the *INSPIRIS RESILIA* aortic valve in the United States and Europe, the *KONECT RESILIA* tissue valved conduit in the United States, and the *MITRIS RESILIA* valve in the United States.

We are continuing to enroll patients in our MOMENTIS clinical study to demonstrate the durability of *RESILIA* tissue in the mitral position.

Critical Care Sales



Net sales of Critical Care products increased for the three months ended March 31, 2024 primarily due to:

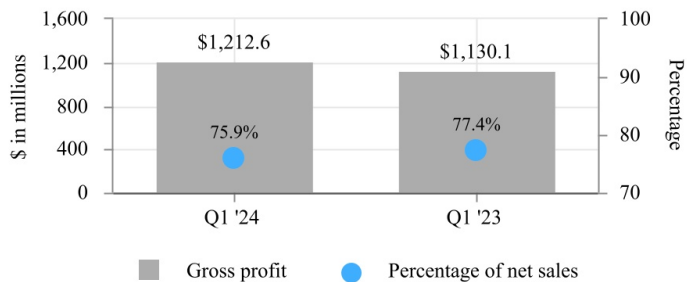
- increased demand for our enhanced surgical recovery products and pressure monitoring products, primarily in the United States;

partially offset by:

- foreign currency exchange rate fluctuations, which decreased net sales outside of the United States by \$2.3 million for the three months ended March 31, 2024, primarily due to the weakening of the Japanese yen against the United States dollar.

Gross Profit

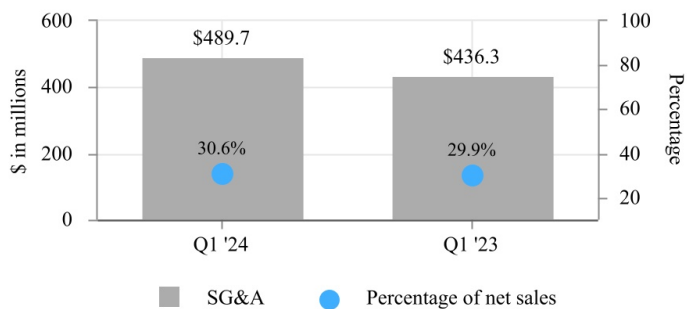
For the three months ended March 31, 2024 and 2023:



The decrease in gross profit as a percentage of net sales for the three months ended March 31, 2024 was driven by a 1.6 percentage point negative impact from foreign currency rate fluctuations, primarily the weakening of the United States dollar against the Euro, partially offset by the weakening of the Japanese yen against the United States dollar.

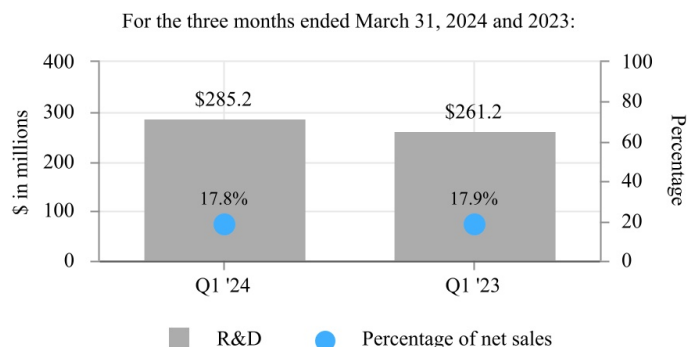
Selling, General, and Administrative ("SG&A") Expenses

For the three months ended March 31, 2024 and 2023:



SG&A expenses increased for the three months ended March 31, 2024 primarily due to higher field-based personnel-related costs in support of our growth strategy initiatives, primarily in the United States and Europe. Foreign currency exchange rate fluctuations decreased expenses by \$1.7 million for the three months ended March 31, 2024 primarily due to the weakening of the Japanese yen against the United States dollar.

Research and Development ("R&D") Expenses



R&D expenses increased for the three months ended March 31, 2024 primarily due to continued investments in our aortic transcatheter valve innovations, including increased clinical trial activity.

Intellectual Property Agreement and Certain Litigation Expenses

We incurred certain litigation expenses related to intellectual property litigation and tax litigation of \$8.9 million and \$6.5 million during the three months ended March 31, 2024 and 2023, respectively. On April 12, 2023, we entered into an Intellectual Property Agreement (the "Intellectual Property Agreement") with Medtronic, Inc. ("Medtronic") and recorded a \$37.0 million charge in March 2023. For more information, see Note 3 to the *Consolidated Condensed Financial Statements*.

Separation Costs

On December 7, 2023, we announced our intention to complete a tax-free spin-off of our Critical Care product group as a separate publicly-traded company to Edwards Lifesciences' shareholders. We incurred separation costs of \$41.3 million during the three months ended March 31, 2024, primarily related to consulting, legal, tax, and other professional advisory services associated with the planned spin-off.

For more information, see Note 4 to the *Consolidated Condensed Financial Statements*.

Provision for Income Taxes

The provision for income taxes consists of provisions for federal, state, and foreign income taxes. We operate in an international environment with significant operations in various locations outside the United States which have statutory tax rates typically lower than the United States tax rate. Accordingly, the consolidated income tax rate is a composite rate reflecting the earnings in the various locations and the applicable rates.

Our effective income tax rate was 14.3% and 14.6% for the three months ended March 31, 2024 and 2023, respectively. The decrease in the effective rate between the three months ended March 31, 2024 and 2023 was primarily due to an increased tax benefit from employee share-based compensation. In addition, the effective rates for the three months ended March 31, 2024 and 2023 were lower than the federal statutory rate of 21% primarily due to (1) foreign earnings taxed at lower rates, (2) Federal and California research and development credits, and (3) the tax benefit from employee share-based compensation.

In the normal course of business, the Internal Revenue Service ("IRS") and other taxing authorities are in different stages of examining various years of our tax filings. During these audits, we may receive proposed audit adjustments that could be material. An adverse outcome in these audits could have a material effect on our results of operations and financial condition. We strive to resolve open matters with each tax authority at the examination level and could reach agreement with a tax authority at any time. While we have accrued for matters we believe are more likely than not to require settlement, the eventual outcome with a tax authority may result in a tax liability that is materially different from that reflected in the consolidated

financial statements. Furthermore, we may later decide to challenge any assessments, if made, and may exercise our right to appeal. The uncertain tax positions are reviewed quarterly and adjusted as events occur that affect potential liabilities for additional taxes, such as lapsing of applicable statutes of limitations, proposed assessments by tax authorities, negotiations between tax authorities, identification of new issues, and issuance of new legislation, regulations, or case law. We believe that adequate amounts of tax and related penalty and interest have been provided for any adjustments that may result from these uncertain tax positions.

We executed an Advance Pricing Agreement ("APA") in 2018 between the United States and Switzerland governments for tax years 2009 through 2020 covering various, but not all, transfer pricing matters. The unagreed transfer pricing matters, namely Surgical Structural Heart and Transcatheter Aortic Valve Replacement (collectively "Surgical/TAVR") intercompany royalty transactions, then reverted to IRS Examination for further consideration as part of the respective years' regular tax audits. In addition, we executed other bilateral APAs as follows: during 2017, an APA between the United States and Japan covering tax years 2015 through 2019; and during 2018, APAs between Singapore and Japan and between Switzerland and Japan covering tax years 2015 through 2019. We have filed to renew all three of the APAs with Japan for the years 2020 and forward. An APA between Switzerland and Japan covering tax years 2020 through 2024 was executed in 2021. An APA between the United States and Japan covering tax years 2020 through 2024 was executed in 2023. The execution of some or all these APA renewals depends on many variables outside of our control.

The audits of our United States federal income tax returns through 2014 have been closed. The IRS audit field work for the 2015 through 2017 tax years was completed during the second quarter of 2021, except for certain transfer pricing and related matters. The IRS is currently examining the 2018 through 2020 tax years.

The audits of our material state, local, and foreign income tax matters have been concluded for years through 2015. While not material, we continue to address matters in India for years since 2010.

During 2021, we received a Notice of Proposed Adjustment ("NOPA") from the IRS for the 2015 through 2017 tax years relating to transfer pricing involving Surgical/TAVR intercompany royalty transactions between our United States and Switzerland subsidiaries. The NOPA proposed a substantial increase to our United States taxable income, which could result in additional tax expense for this period of approximately \$230 million and represented a departure from a transfer pricing method we had previously agreed upon with the IRS. We have disagreed with the NOPA and pursued an administrative appeal with the IRS Independent Office of Appeals ("Appeals"). The Appeals process culminated in the third quarter of 2023 when we and Appeals concluded that a satisfactory resolution of the matter at the administrative level was not possible.

During the fourth quarter of 2023, Appeals issued a notice of deficiency ("NOD") increasing our 2015 through 2017 United States federal income tax in amounts resulting from the income adjustments previously reflected in the NOPA. The additional tax sought in excess of our filing position is \$269.3 million before consideration of interest and a repatriation tax offset.

We plan to vigorously contest the additional tax claimed by the IRS through the judicial process. Final resolution of this matter is not likely within the next 12 months. We believe the amounts previously accrued related to this uncertain tax position are appropriate for a number of reasons, including the interpretation and application of relevant tax law and accounting standards to our facts and, accordingly, have not accrued any additional amount based on the NOD and other proceedings to date. Nonetheless, the outcome of the judicial process cannot be predicted with certainty, and it is possible that the outcome of that process could have a material impact on our consolidated financial statements. As noted below, similar material tax disputes may arise for the 2018 through 2023 tax years. While no payment of any amount related to the NOPA or NOD has yet been required, we made a partial deposit with the IRS of \$75 million in November 2022 to prevent the further accrual of interest on that portion of any additional tax we may ultimately be found to owe. In March 2024, we made an additional deposit with the IRS of \$305 million to further mitigate interest on potential tax liabilities while we prepare to contest through the judicial process the IRS's entitlement to any of the additional tax claimed by the IRS.

Surgical/TAVR intercompany royalty transactions covering tax years 2018 through 2023 remain subject to IRS examination, and those transactions and related tax positions remain uncertain as of March 31, 2024. We have considered this information, as well as information regarding the NOD and other proceedings described above, in our evaluation of our uncertain tax positions. The impact of these unresolved transfer pricing matters, net of any correlative tax adjustments, may be significant to our consolidated financial statements. Based on the information currently available and numerous possible outcomes, we cannot reasonably estimate what, if any, changes in our existing uncertain tax positions may occur in the next 12 months and, therefore, have continued to record the uncertain tax positions as a long-term liability.

During the first quarter of 2024, we received a notice of assessment from the Israel Tax Authority ("ITA") wherein the ITA claimed that we owe approximately \$110 million of tax excluding interest and penalties in connection with a claimed 2017 transfer of intellectual property. We maintain that we did not transfer intellectual property outside of Israel and intend to vigorously defend that position through administrative and, if necessary, judicial proceedings. There can be no assurance that this matter will be resolved in our favor and an adverse outcome could have a material effect on our consolidated financial statements.

Additionally, many countries are implementing some or all the Organization for Economic Co-operation and Development's Base Erosion and Profit Shifting Pillar Two rules ("Pillar Two") that impose a global minimum tax of 15%. Under Pillar Two, a company is required to determine a combined effective tax rate for all entities located in a jurisdiction. If the jurisdictional effective tax rate is less than 15%, a top-up tax will be due to bring the jurisdictional effective tax rate up to 15%. We are continuing to monitor the implementation of Pillar Two by individual countries and the potential effects of Pillar Two on our effective tax rate. We do not expect Pillar Two to have a material impact on our consolidated financial statements in 2024. The provisions effective in 2025 may have a material impact on our consolidated financial statements in 2025 and future years, depending on future legislation, regulatory guidance, and business events.

Liquidity and Capital Resources

Our sources of cash liquidity include cash and cash equivalents, short-term investments, cash from operations, and amounts available under credit facilities. We believe that these sources are sufficient to fund the current and long-term requirements of working capital, capital expenditures, and other financial commitments. However, we periodically consider various financing alternatives and may, from time to time, seek to take advantage of favorable interest rate environments or other market conditions.

As of March 31, 2024, cash and cash equivalents and short-term investments held in the United States and outside of the United States were \$851.4 million and \$846.2 million, respectively.

We have a Five-year Credit Agreement (the "Credit Agreement") which provides for a \$750.0 million multi-currency unsecured revolving credit facility and matures on July 15, 2027. We may increase the amount available under the Credit Agreement by up to an additional \$250.0 million in the aggregate and extend the maturity date for an additional year, subject to agreement of the lenders. As of March 31, 2024, no amounts were outstanding under the Credit Agreement.

In June 2018, we issued \$600.0 million of 4.3% fixed-rate unsecured senior notes (the "2018 Notes") due June 15, 2028. We may redeem the 2018 Notes, in whole or in part, at any time and from time to time at specified redemption prices. As of March 31, 2024, we have not elected to redeem any of the 2018 Notes. As of March 31, 2024, the carrying value of the 2018 Notes was \$597.2 million.

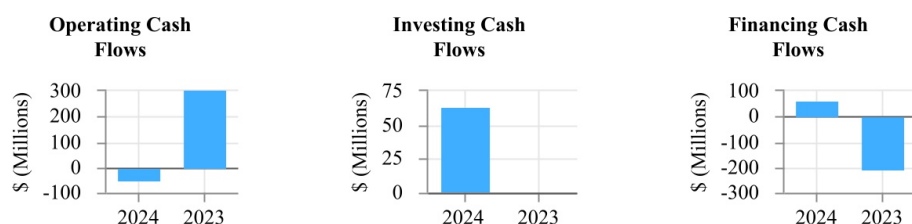
From time to time, we repurchase shares of our common stock under share repurchase programs authorized by the Board of Directors. We consider several factors in determining when to execute share repurchases, including, among other things, expected dilution from stock plans, cash capacity, and the market price of our common stock. During the three months ended March 31, 2024, we did not purchase any of our common stock under the Board authorized repurchase program and, as of March 31, 2024, we had remaining authority to purchase \$1.0 billion of our common stock under the share repurchase program.

On April 12, 2023, we entered into the Intellectual Property Agreement with Medtronic pursuant to which the parties agreed to a 15-year global covenant not to sue ("CNS") for infringement of certain patents in the structural heart space owned or controlled by each other. In consideration for the global CNS, we paid Medtronic a one-time, lump sum payment of \$300.0 million and are paying annual royalties that are tied to net sales of certain Edwards products. For more information, see Note 3 to the *Consolidated Condensed Financial Statements*.

We have purchased options to acquire and have agreed to provide promissory notes to various entities. These arrangements could result in additional cash outlays in the future should we decide to exercise the options or should the entities draw on the promissory notes.

At March 31, 2024, there had been no material changes in our cash requirements from known contractual and other obligations, including commitments for capital expenditures, as disclosed in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the year ended December 31, 2023.

Consolidated Cash Flows - For the three months ended March 31, 2024 and 2023:



Net cash flows used in **operating activities** of \$53.5 million for the three months ended March 31, 2024 decreased \$367.6 million over the same period last year primarily due to a \$305.1 million tax deposit we made in 2024 to mitigate interest on potential tax liabilities we are contesting through the judicial process (see Note 14 to the *Consolidated Condensed Financial Statements*).

Net cash provided by **investing activities** of \$63.1 million for the three months ended March 31, 2024 consisted primarily of net proceeds from investments of \$161.4 million, partially offset by capital expenditures of \$65.3 million.

Net cash provided by investing activities of \$0.5 million for the three months ended March 31, 2023 consisted primarily of net proceeds from investments of \$246.2 million, partially offset by a payment of \$141.2 million to acquire a majority interest in another company and capital expenditures of \$61.5 million.

Net cash provided by **financing activities** of \$61.7 million for the three months ended March 31, 2024 consisted primarily of proceeds from stock plans of \$62.1 million.

Net cash used in financing activities of \$206.6 million for the three months ended March 31, 2023 consisted primarily of purchases of treasury stock of \$249.3 million, partially offset by proceeds from stock plans of \$41.9 million.

Critical Accounting Policies and Estimates

The consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States which require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated condensed financial statements and sales and expenses during the periods reported. Actual results could differ from those estimates. Information with respect to our critical accounting policies and estimates which we believe could have the most significant effect on our reported results and require subjective or complex judgments by management is contained on pages 38-40 in Item 7, *Management's Discussion and Analysis of Financial Condition and Results of Operations*, of our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no significant changes from the information discussed therein.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk, Foreign Currency Risk, Credit Risk, and Concentrations of Risk

For a complete discussion of our exposure to interest rate risk, foreign currency risk, credit risk, and concentrations of risk, refer to Item 7A *Quantitative and Qualitative Disclosures About Market Risk* in our Annual Report on Form 10-K for the year ended December 31, 2023. There have been no material changes from the information discussed therein.

Investment Risk

We are exposed to investment risks related to changes in the underlying financial condition and credit capacity of certain of our investments. As of March 31, 2024, we had \$805.8 million of investments in debt securities, of which \$332.8 million were long-term. In addition, we had \$122.8 million of investments in equity instruments of public and private companies. Should these companies experience a decline in financial performance, financial condition or credit capacity, or fail to meet certain development milestones, a decline in the investments' value may occur, resulting in unrealized or realized losses. See Note 5 to the *Consolidated Condensed Financial Statements* for additional information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, including the Chief Executive Officer and the Chief Financial Officer, performed an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended) as of March 31, 2024. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded as of March 31, 2024 that our disclosure controls and procedures are designed at a reasonable assurance level and effective in providing reasonable assurance that the information we are required to disclose in the reports we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

Please see Part I, Item 1, Note 11 of the "Consolidated Condensed Financial Statements" of this Quarterly Report on Form 10-Q for a description of our legal proceedings, which is incorporated by reference herein.

Item 1A. Risk Factors

A description of the risk factors associated with our business is contained in the *Risk Factors* section of our Annual Report on Form 10-K for our fiscal year ended December 31, 2023. There have been no material changes to our risk factors as previously reported.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities

In July 2022, the Board of Directors approved a stock repurchase program providing for up to \$1.5 billion of repurchases of our common stock, effective July 28, 2022. In December 2023, the Board of Directors approved an additional \$1.0 billion of repurchases under this program. Repurchases under the program may be made on the open market, including pursuant to a Rule 10b5-1 plan, and in privately negotiated transactions. The repurchase program does not have an expiration date. We did not purchase any of our common stock during the first quarter of 2024 and, as of March 31, 2024, we had remaining authority to purchase \$1,048.5 million of common stock.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the first quarter of 2024, the following executive officers and directors entered into a 10b5-1 trading plan (each, a "Plan") intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act:

On February 12, 2024, Michael A. Mussallem, Chairman and Director, entered into a Plan providing for the potential sale of 276,900 shares of the Company's stock commencing June 11, 2024. Mr. Mussallem's Plan terminates on the earlier of May 1, 2025 or the date all shares are sold.

On February 15, 2024, Scott B. Ullem, Corporate Vice President, Chief Financial Officer, entered into a Plan providing for the potential sale of 67,500 shares of the Company's stock commencing May 21, 2024. Mr. Ullem's Plan terminates on the earlier of May 9, 2025 or the date all shares are sold.

On February 29, 2024, Bernard J. Zovighian, Chief Executive Officer and Director, entered into a Plan providing for the potential sale of 25,147 shares of the Company's stock commencing May 30, 2024. Mr. Zovighian's Plan terminates on the earlier of December 18, 2024 or the date all shares are sold.

Item 6. Exhibits

The exhibits listed in the Exhibit Index below are filed, furnished, or incorporated by reference as part of this report on Form 10-Q.

Exhibit No.	Description
3.1	Amended and Restated Certificate of Incorporation of Edwards Lifesciences Corporation, dated May 16, 2013 (incorporated by reference to Exhibit 3.1 in Edwards Lifesciences' report on Form 8-K filed on May 17, 2013)
3.2	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Edwards Lifesciences Corporation, dated May 7, 2020 (incorporated by reference to Exhibit 3.1 in Edwards Lifesciences' report on Form 8-K filed on May 8, 2020)
3.3	Certificate of Amendment of Amended and Restated Certificate of Incorporation of Edwards Lifesciences Corporation, dated May 11, 2023 (incorporated by reference to Exhibit 3.1 in Edwards Lifesciences' report on Form 8-K filed on May 15, 2023)
3.4	Bylaws of Edwards Lifesciences Corporation, as amended and restated as of February 16, 2023 (incorporated by reference to Exhibit 3.1 in Edwards Lifesciences' report on Form 8-K filed on February 21, 2023)
*10.1	Edwards Lifesciences Corporation Spinoff Change in Control Agreement for Catherine Szyman, dated March 15, 2024
31.1	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Inline Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Represents management contract or compensatory plan

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EDWARDS LIFESCIENCES CORPORATION

(Registrant)

Date: April 29, 2024

By: /s/ SCOTT B. ULLEM

Scott B. Ullem

Chief Financial Officer

(Principal Financial Officer; Duly Authorized Officer)

Date: April 29, 2024

By: /s/ ROBERT W.A. SELLERS

Robert W.A. Sellers

Corporate Controller

(Principal Accounting Officer)

Spinoff Change in Control Agreement

THIS SPINOFF CHANGE IN CONTROL AGREEMENT is made, entered into, and is effective as of March 15, 2024 (hereinafter referred to as the “**Effective Date**”), by and between EDWARDS LIFESCIENCES CORPORATION, a Delaware corporation, and Catherine Szyman (the “**Executive**”).

WHEREAS, the Executive is currently employed by the Company in a key management capacity related to the Critical Care and Vascular Product Group;

WHEREAS, the Company anticipates and recognizes that circumstances may arise in which a Spinoff or a Sale will occur, thereby causing uncertainty of employment, and that the Executive's continued services with regard to the Critical Care and Vascular Product Group are critical to the success of any such Spinoff or Sale;

WHEREAS, both the Company and the Executive are desirous that any proposal for a Spinoff or a Sale will be considered by the Executive objectively and with reference only to the business interests of the Company, including the Critical Care and Vascular Product Group, and its shareholders; and

WHEREAS, the Executive will be in a better position to consider the Company's best interests if the Executive is afforded reasonable security, as provided in this Agreement, against altered conditions of employment which could result from any such Spinoff or Sale.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements of the parties set forth in this Agreement, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

Article 1. Definitions

Wherever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

1.1 “Agreement” means this Spinoff Severance Agreement.

1.2 “Base Salary” means, at any time, the then-regular annual rate of pay which the Executive is receiving as annual salary, excluding amounts: (i) received under short- or long-term incentive or other bonus plans, regardless of whether or not the amounts are deferred, or (ii) designated by the Company as payment toward reimbursement of expenses.

1.3 “Board” means the Board of Directors of the Company.

1.4 “Cause” shall mean the occurrence of any one or more of the following provided, that the determination of whether “Cause” exists at any time prior to the occurrence of a Spinoff or a Sale shall be determined solely by the Board (excluding the Executive, if the Executive is then a member of the Board), in the exercise of the Board's good faith and reasonable judgment,

and any such determination shall be final and binding upon the parties):

- (a) A continuing material breach by the Executive of the duties and responsibilities of the Executive (other than as a result of incapacity due to a physical or mental condition or illness), which breach is demonstrably willful and deliberate on the Executive's part, is committed in bad faith and without a reasonable belief that such a breach is in the best interests of the Company, and (x) the Board delivers to Executive a written demand for substantial performance that specifically identifies the manner in which the Board believes the Executive has breached such duties and responsibilities, (y) the Executive fails to remedy such breach within sixty (60) days after receipt of such written demand, and (z) the Board delivers the Notice of Termination pursuant to Section 2.9 herein within thirty (30) days after the expiration of such sixty (60) day cure period;
- (b) The Executive has engaged in conduct that is willfully, demonstrably and materially injurious to the Company, monetarily or otherwise and, if cure is reasonably possible in the circumstances, (x) the Board delivers to Executive a written demand for substantial performance that specifically identifies the manner in which the Board believes the Executive has breached such duties and responsibilities, (y) the Executive fails to remedy such breach within sixty (60) days after receipt of such written demand, and (z) the Board delivers the Notice of Termination pursuant to Section 2.9 herein within thirty (30) days after the expiration of such sixty (60) day cure period; or
- (c) The Executive is convicted of, or pled guilty *ornolo contendere* to a felony (under the laws of the United States or any relevant state, or a similar crime or offense under the applicable laws of any relevant foreign jurisdiction) that adversely affects the reputation of the Executive or the Company;

provided, that no act or failure to act on the Executive's part shall be deemed "willful" unless done, or omitted to be done, by the Executive not in good faith and without reasonable belief that the action or omission was in the best interest of the Company.

1.5 "Code Section 409A" has the meaning ascribed to such term in Section 9.9(a) herein.

1.6 "Code" means the Internal Revenue Code of 1986, as amended.

1.7 "Company" means Edwards Lifesciences Corporation, a Delaware corporation (including any and all subsidiaries), or any successor thereto, including in the case of a Sale or Spinoff, the entity formed with respect to the Critical Care and Vascular Product Group, and any acquiror thereof, as provided in Article 8 herein.

1.8 "Critical Care and Vascular Product Group" means the business unit of the Company relating to the manufacture and sale of critical care and vascular products.

1.9 “Disability” shall have the meaning ascribed to such term in the Executive’s governing long-term disability plan as of the Effective Date.

1.10 “Effective Date” means the date specified in the opening sentence of this Agreement.

1.11 “Effective Date of Termination” means the date on which a Qualifying Termination occurs, as provided in Section 2.2 herein.

1.12 “Enhanced Separation Benefits” means the payments and/or benefits provided in Section 2.5 herein following the Outside Date in relation to a contemplated Spinoff.

1.13 “Executive” means the individual specified in the opening sentence of this Agreement.

1.14 “Good Reason” means, without the Executive’s express written consent, the occurrence of any one or more of the following conditions during the Protected Period:

- (a) A material diminution in the Executive’s role, duties, responsibilities and authorities, as measured in the aggregate, other than (i) an insubstantial or inadvertent act that is remedied by the Company, as applicable, promptly after receipt of notice thereof given by the Executive; or (ii) changes resulting solely from the Critical Care and Vascular Product Group ceasing to be a business unit of Edwards Lifesciences Corporation following a Spinoff or a Sale. Notwithstanding the foregoing, in the event that following either a Spinoff or a Sale the Executive is not serving as the chief executive officer of a publicly traded company or other independent entity (which shall not include a subsidiary of publicly traded company), a material diminution giving rise to Good Reason shall be deemed to occur. For the avoidance of doubt, Executive shall not be deemed to have Good Reason if, in the case of a contemplated Spinoff, in the event an Outside Date has occurred and Executive’s role as Corporate Vice President, Critical Care, remains available and the Company determines that you will remain in such role;
- (b) The Company’s requiring the Executive to be based at a location in excess of fifty (50) miles from the location of the Executive’s principal job location or office immediately prior to such change, except for required travel on the Company’s business to an extent substantially consistent with the Executive’s then present business travel obligations; or
- (c) A material reduction by the Company of the Executive’s Base Salary in effect on the Effective Date hereof, or as the same shall be increased from time to time;

provided, however, that any such condition shall not constitute “Good Reason” unless the following requirements are satisfied: (x) the Executive provides the Company the Notice of Termination pursuant to Section 2.9 herein within sixty (60) days following the initial existence of the event giving rise to the condition claimed to constitute “Good Reason,” (y) the Company

fails to remedy such condition within thirty (30) days after receiving such Notice of Termination (the **Cure Period**), and (z) the Executive resigns in writing from the Executive's employment, citing failure to remedy the condition giving rise to Good Reason, within thirty (30) days following the expiration of such thirty (30) day cure period.

The Executive's right to terminate employment for Good Reason shall not be affected by the Executive's incapacity due to physical or mental illness. The Executive's continued employment shall not constitute consent to, or a waiver of rights with respect to, any circumstance constituting Good Reason herein.

1.15 "Outside Date" means the earlier of (i) December 31, 2025; and (ii) the date the Company formally announces the Spinoff will not be pursued.

1.16 "Protected Period" means the twelve (12)-month period following (i) a Spinoff, (ii) a Sale, or (iii) the Outside Date in relation to a contemplated Spinoff, as applicable.

1.17 "Qualifying Termination" has the meaning ascribed to such term in Section 2.2 herein.

1.18 "Sale" means the sale of the Critical Care and Vascular Product Group, whether through a sale of the assets of, or a sale of shares of an entity or entities formed in relation to, the Critical Care and Vascular Product Group, or a combination thereof.

1.19 "Sale Separation Benefits" means the payments and/or benefits provided in Section 2.4 herein following a Sale.

1.20 "Separation Benefits" means the Spinoff Separation Benefits, the Sale Separation Benefits, or the Enhanced Separation Benefits, as applicable.

1.21 "Separation from Service" means the Executive's separation from service as determined in accordance with Code Section 409A and the applicable standards of the Treasury Regulations issued thereunder.

1.22 "Spinoff" means a spinoff of the Critical Care and Vascular Product Group.

1.23 "Spinoff Separation Benefits" means the payments and/or benefits provided in Section 2.3 herein following a Spinoff.

Article 2. Separation Benefits

2.1 Right to Separation Benefits.

(a) *Spinoff Separation Benefits.* The Executive shall be entitled to receive from the Company the Spinoff Separation Benefits described in Section 2.3 herein if there has been a Spinoff and if the Executive incurs a Qualifying Termination (as set forth in Section 2.2); provided, however, that the Executive's entitlement to Spinoff Separation Benefits (other than under Section 2.3(a)) is conditioned upon (i) the Executive executing and delivering to the Company a general release of claims in the form attached hereto as Exhibit A ("**Release**") within

twenty-one (21) days (or forty-five (45) days if such longer period is required under applicable law), and (ii) the Executive not revoking such Release.

The Executive shall not be entitled to receive Spinoff Separation Benefits if the Executive's employment with the Company terminates (i) at any time before or after the Protected Period corresponding to a Spinoff (regardless of the reason), or (ii) during the Protected Period but other than in the case of a Qualifying Termination.

(b) *Sale Separation Benefits.* The Executive shall be entitled to receive from the Company the Sale Separation Benefits described in Section 2.4 herein if there has been a Sale and if the Executive incurs a Qualifying Termination (as set forth in Section 2.2); provided, however, that the Executive's entitlement to Sale Separation Benefits (other than under Section 2.4(a)) is conditioned upon (i) the Executive executing and delivering to the Company a Release within twenty-one (21) days (or forty-five (45) days if such longer period is required under applicable law), and (ii) the Executive not revoking such Release.

The Executive shall not be entitled to receive Sale Separation Benefits if the Executive's employment with the Company terminates (i) at any time before or after the Protected Period corresponding to a Sale (regardless of the reason), or (ii) during the Protected Period but other than in a Qualifying Termination.

(c) *Enhanced Separation Benefits.* The Executive shall be entitled to receive from the Company the Enhanced Separation Benefits described in Section 2.5 herein solely in the event that a Spinoff has not occurred by the Outside Date of such contemplated Spinoff and if the Executive incurs a Qualifying Termination (as set forth in Section 2.2); provided, however, that the Executive's entitlement to Enhanced Separation Benefits (other than under Section 2.5(a)) is conditioned upon (i) the Executive executing and delivering to the Company a Release within twenty-one (21) days (or forty-five (45) days if such longer period is required under applicable law), and (ii) the Executive not revoking such Release.

The Executive shall not be entitled to receive Enhanced Separation Benefits if the Executive's employment with the Company terminates (i) at any time before or after the Protected Period corresponding to the Outside Date (regardless of the reason), (ii) during the Protected Period but other than in a Qualifying Termination, or (iii) after a Spinoff or a Sale.

2.2 Qualifying Termination. The occurrence of either of the following events within the Protected Period shall constitute a "Qualifying Termination":

- (a) The Company's involuntary termination of the Executive's employment without Cause; or
- (b) The Executive's voluntary termination of employment for Good Reason.

For purposes of this Agreement, a Qualifying Termination shall not include a termination of the Executive's employment with the Company by reason of death, Disability, voluntary normal retirement (as such term is defined under the then established rules of the Company's tax-qualified retirement plan) unless the requirement set forth in Section 2.2(b) herein is met. A

Qualifying Termination shall not occur in the event of an involuntary termination of the Executive's employment by the Company for Cause.

2.3 Description of Spinoff Separation Benefits. In the event that the Executive becomes entitled to receive Spinoff Separation Benefits, as provided in Sections 2.1 and 2.2 herein, the Company shall pay to the Executive, and provide the Executive with, total Spinoff Separation Benefits equal to all of the following:

- (a) A lump-sum amount equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Effective Date of Termination.
- (b) A lump-sum amount equal to the product obtained by multiplying (i) the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable), established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs, by (ii) a fraction, the numerator of which is the number of full completed months in the bonus plan year through the Effective Date of Termination, and the denominator of which is twelve (12). This payment will be in lieu of any other payment to be made to the Executive under the annual bonus plan in which the Executive is then participating for that plan year.
- (c) A lump-sum amount equal to two (2) multiplied by the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination.
- (d) A lump-sum amount equal to two (2) multiplied by the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable) established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs.
- (e) Except as provided below in this Section 2.3(e), all long-term incentive awards granted by the Company to the Executive prior to the Qualifying Termination, including any such awards converted in connection with the Spinoff, to the extent such awards are outstanding and otherwise unvested immediately prior to the Qualifying Termination, shall vest **an additional twelve (12) months** upon (or, as may be necessary to give effect to the acceleration, immediately prior to) the Qualifying Termination; provided, that any long-term incentive award which includes performance-based (in addition to time-based) vesting requirements shall vest assuming the target level of performance was achieved. Stock options or stock appreciation rights that become vested in accordance with this Section 2.3(e), may be exercised after the Qualifying Termination only within the time frame specified in the applicable long-term incentive plan or award agreement.

- (f) Executive shall be entitled to continue to participate in the Company's medical and dental insurance programs (subject in each case to the eligibility and other provisions of such programs), including coverage for any of Executive's dependents enrolled in the Company's medical and dental insurance programs as of the Effective Date of Termination, at the same or substantially similar coverage level as in effect as of the Effective Date of Termination, for a period of thirty-six (36) months following the Effective Date of Termination and at substantially the same economic cost to the Executive as of the Effective Date of Termination; provided, that, the Company may elect to pay Executive a cash payment equal to such economic cost rather than Executive (and Executive's qualifying dependents, as applicable) continuing to participate in the Company's medical and dental insurance programs. To the extent that any payments or reimbursements pursuant to this Section 2.3(f) are taxable to the Executive, any such payment or reimbursement shall be subject to Section 9.9 of this Agreement.

2.4 Description of Sale Separation Benefits. In the event that the Executive becomes entitled to receive Sale Separation Benefits, as provided in Sections 2.1 and 2.2 herein, the Company shall pay to the Executive, and provide the Executive with, total Sale Separation Benefits equal to all of the following:

- (a) A lump-sum amount equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Effective Date of Termination.
- (b) A lump-sum amount equal to the product obtained by multiplying (i) the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable), established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs, by (ii) a fraction, the numerator of which is the number of full completed months in the bonus plan year through the Effective Date of Termination, and the denominator of which is twelve (12). This payment will be in lieu of any other payment to be made to the Executive under the annual bonus plan in which the Executive is then participating for that plan year.
- (c) A lump-sum amount equal to two (2) multiplied by the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination.
- (d) A lump-sum amount equal to two (2) multiplied by the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable) established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs.

- (e) Except as provided below in this Section 2.4(e), all long-term incentive awards granted by the Company to the Executive prior to the Qualifying Termination, which shall be assumed, replaced, substituted for or otherwise converted in connection with the Sale, to the extent such awards are outstanding and otherwise unvested immediately prior to the Qualifying Termination, shall vest **in full** upon (or, as may be necessary to give effect to the acceleration, immediately prior to) the Qualifying Termination; provided, that any long-term incentive award which includes performance-based (in addition to time-based) vesting requirements shall vest assuming the target level of performance was achieved. Stock options or stock appreciation rights that become vested in accordance with this Section 2.4(e), may be exercised after the Qualifying Termination only within the time frame specified in the applicable long-term incentive plan or award agreement.
- (f) Executive shall be entitled to continue to participate in the Company's medical and dental insurance programs (subject in each case to the eligibility and other provisions of such programs), including coverage for any of Executive's dependents enrolled in the Company's medical and dental insurance programs as of the Effective Date of Termination, at the same or substantially similar coverage level as in effect as of the Effective Date of Termination, for a period of thirty-six (36) months following the Effective Date of Termination and at substantially the same economic cost to the Executive as of the Effective Date of Termination; provided, that, the Company may elect to pay Executive a cash payment equal to such economic cost rather than Executive (and Executive's qualifying dependents, as applicable) continuing to participate in the Company's medical and dental insurance programs. To the extent that any payments or reimbursements pursuant to this Section 2.4(f) are taxable to the Executive, any such payment or reimbursement shall be subject to Section 9.9 of this Agreement.

2.5 Description of Enhanced Separation Benefits. In the event that the Executive becomes entitled to receive Enhanced Separation Benefits, as provided in Sections 2.1 and 2.2 herein, the Company shall pay to the Executive, and provide the Executive with, total Enhanced Separation Benefits equal to all of the following:

- (a) A lump-sum amount equal to the Executive's unpaid Base Salary, accrued vacation pay, unreimbursed business expenses, and all other items earned by and owed to the Executive through and including the Effective Date of Termination.
- (b) A lump-sum amount equal to the product obtained by multiplying (i) the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable), established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs, by (ii) a fraction, the numerator of which is the number of full completed months in the bonus plan year through the Effective Date of Termination, and the denominator of which is twelve (12).

This payment will be in lieu of any other payment to be made to the Executive under the annual bonus plan in which the Executive is then participating for that plan year.

- (c) A lump-sum amount equal to two (2) multiplied by the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination.
- (d) A lump-sum amount equal to two (2) multiplied by the Executive's annual incentive pay objective amount (or other target annual incentive amount, as applicable) established under the annual bonus plan in which the Executive is then participating for the bonus plan year in which the Effective Date of Termination occurs.
- (e) Except as provided below in this Section 2.5(e), all long-term incentive awards granted by the Company to the Executive prior to the Qualifying Termination, to the extent such awards are outstanding and otherwise unvested immediately prior to the Qualifying Termination, shall vest **an additional twelve (12) months** upon (or, as may be necessary to give effect to the acceleration, immediately prior to) the Qualifying Termination; provided, that any long-term incentive award which includes performance-based (in addition to time-based) vesting requirements shall vest assuming the target level of performance was achieved. Stock options or stock appreciation rights that become vested in accordance with this Section 2.5(e), may be exercised after the Qualifying Termination only within the time frame specified in the applicable long-term incentive plan or award agreement.
- (f) Executive shall be entitled to continue to participate in the Company's medical and dental insurance programs (subject in each case to the eligibility and other provisions of such programs), including coverage for any of Executive's dependents enrolled in the Company's medical and dental insurance programs as of the Effective Date of Termination, at the same or substantially similar coverage level as in effect as of the Effective Date of Termination, for a period of thirty-six (36) months following the Effective Date of Termination and at substantially the same economic cost to the Executive as of the Effective Date of Termination; provided, that, the Company may elect to pay Executive a cash payment equal to such economic cost rather than Executive (and Executive's qualifying dependents, as applicable) continuing to participate in the Company's medical and dental insurance programs. To the extent that any payments or reimbursements pursuant to this Section 2.5(f) are taxable to the Executive, any such payment or reimbursement shall be subject to Section 9.9 of this Agreement.

2.6 Termination due to Disability. If the Executive's employment is terminated with the Company due to Disability, the Company shall pay the Executive any unpaid Base Salary, accrued vacation, and other items earned by and owed to the Executive through the Effective Date of Termination, plus all other amounts to which the Executive is entitled under any

compensation plans of the Company at the time such payments are due, and the Company shall have no further obligations to the Executive under this Agreement.

2.7 Termination due to Retirement or Death. If the Executive's employment with the Company is terminated by reason of the Executive's voluntary normal retirement (as defined under the then established rules of the Company's tax-qualified retirement plan), or death, the Company shall pay the Executive any unpaid Base Salary, accrued vacation, and other items earned by and owed to the Executive through the Effective Date of Termination, plus all other amounts to which the Executive is entitled under any compensation plans of the Company at the time such payments are due, and the Company shall have no further obligations to the Executive under this Agreement.

2.8 Termination for Cause or by the Executive Other Than for Good Reason If the Executive's employment is terminated either: (i) by the Company for Cause; or (ii) voluntarily by the Executive for a reason other than that specified in Section 2.2(b) herein, the Company shall pay the Executive any unpaid Base Salary, accrued vacation, and other items earned by and owed to the Executive through the Effective Date of Termination, plus all other amounts to which the Executive is entitled under any compensation plans of the Company at the time such payments are due, and the Company shall have no further obligations to the Executive under this Agreement.

2.9 Notice of Termination. Any termination of the Executive's employment by the Company for Cause or by the Executive for Good Reason shall be communicated by Notice of Termination to the other party. For purposes of this Agreement, a "**Notice of Termination**" shall mean a written notice which shall indicate the specific termination provision in this Agreement relied upon, and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

Article 3. Form and Timing of Separation Benefits

3.1 Form and Timing of Separation Benefits The Separation Benefits described in Section 2.3(a), Section 2.4(a) or Section 2.5(a) herein, as applicable, shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Effective Date of Termination, but in no event beyond ten (10) calendar days from such date. Subject to Sections 2.1 and 9.9(b), the Separation Benefits described in clauses (b) through (d) of Section 2.3, Section 2.4 or Section 2.5 herein, as applicable, shall be paid in cash to the Executive in a single lump sum on the sixtieth (60th) day following the occurrence of the Executive's Separation from Service by reason of the Qualifying Termination. To the extent the payment of any such Separation Benefits to which the Executive becomes entitled under this Agreement is deferred beyond the Executive's Separation from Service (including by reason of Section 9.9(b)), the Executive shall be entitled to interest on those amounts, for the period the payment of such amounts is so deferred, with such interest to accrue at the prime rate published by the Wall Street Journal as in effect on the date of the Executive's Separation from Service and to be paid in a lump sum upon payment of such Separation Benefits.

3.2 Withholding of Taxes. The Company shall withhold from any amounts payable under this Agreement all federal, state, city, or other taxes as legally shall be required.

Article 4. Benefit Limit

4.1 Benefit Limit. In the event that any payments or benefits to which the Executive becomes entitled in accordance with the provisions of this Agreement (or any other agreement with the Company) would otherwise constitute a parachute payment under Code Section 280G(b)(2), then such payments and/or benefits will be subject to reduction to the extent necessary to assure that the Executive receives only the greater of (i) the amount of those payments which would not constitute such a parachute payment or (ii) the amount which yields the Executive the greatest after-tax amount of benefits after taking into account any excise tax imposed under Code Section 4999 on the payments and benefits provided the Executive under this Agreement (or on any other payments or benefits to which the Executive may become entitled in connection with any change in control or ownership of the Company or the subsequent termination of the Executive's employment with the Company).

4.2 Order of Reduction. Should a reduction in benefits be required to satisfy the benefit limit of Section 4.1, then the portion of any parachute payment otherwise payable in cash to the Executive shall be reduced to the extent necessary to comply with such benefit limit. Should such benefit limit still be exceeded following such reduction, then the number of shares which would otherwise vest on an accelerated basis under each of the Executive's options or other equity awards (based on the amount of the parachute payment attributable to each such option or equity award under Code Section 280G) shall be reduced to the extent necessary to eliminate such excess, with such reduction to be made in the same chronological order in which those awards were made.

4.3 Resolution Procedures. In the event there is any disagreement between the Executive and the Company as to whether one or more payments or benefits to which the Executive becomes entitled constitute a parachute payment under Code Section 280G or as to the determination of the present value thereof, such dispute will be resolved as follows:

- (a) In the event the Treasury Regulations under Code Section 280G (or applicable judicial decisions) specifically address the status of any such payment or benefit or the method of valuation therefor, the characterization afforded to such payment or benefit by the Regulations (or such decisions) will, together with the applicable valuation methodology, be controlling.
- (b) In the event Treasury Regulations (or applicable judicial decisions) do not address the status of any payment in dispute, the matter will be submitted for resolution to independent auditors selected and paid for by the Company. The resolution reached by the independent auditors will be final and controlling; provided, however, that if in the judgment of the independent auditors, the status of the payment in dispute can be resolved through the obtainment of a private letter ruling from the Internal Revenue Service, a formal and proper request for such ruling will be prepared and submitted by the independent auditors, and the determination made by the Internal Revenue Service in the issued ruling will be controlling. All expenses incurred in connection with the preparation and submission of the ruling request shall be paid by the Company.

- (c) In the event Treasury Regulations (or applicable judicial decisions) do not address the appropriate valuation methodology for any payment in dispute, the present value thereof will, at the independent auditor's election, be determined through an independent third-party appraisal, and the expenses incurred in obtaining such appraisal shall be paid by the Company.

Article 5. The Company's Payment Obligation

5.1 Payment Obligations Absolute. The Company's obligation to make the payments and the arrangements provided for herein shall be absolute and unconditional, and shall not be affected by any circumstances including, without limitation, any offset, counterclaim, recoupment, defense, or other right which the Company may have against the Executive or anyone else. All amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company shall not seek to recover all or any part of such payment from the Executive or from whomsoever may be entitled thereto, for any reasons whatsoever.

The Executive shall not be obligated to seek other employment in mitigation of the amounts payable or arrangements made under any provision of this Agreement, and the obtaining of any such other employment shall in no event effect any reduction of the Company's obligations to make the payments and arrangements required to be made under this Agreement.

5.2 Contractual Rights to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits to which the Executive is entitled hereunder. However, nothing herein contained shall require or be deemed to require, or prohibit or be deemed to prohibit, the Company to segregate, earmark, or otherwise set aside any funds or other assets, in trust or otherwise, to provide for any payments to be made or required hereunder.

Article 6. Term of Agreement

The current term of this Agreement extends through December 31, 2025, provided that if a Sale occurs on or prior to such date, the term shall extend until the end of the Protected Period with respect to such Sale.

In addition, should a Qualifying Termination occur during the term of this Agreement, this Agreement shall continue in effect until all of Executive's rights in respect of such termination have been satisfied.

Article 7. Legal Remedies

7.1 Dispute Resolution. The Executive shall have the right and option to elect to have any good faith dispute or controversy arising under or in connection with this Agreement settled by litigation or arbitration. If arbitration is selected, such proceeding shall be conducted by final and binding arbitration before a panel of three (3) arbitrators in accordance with the rules and under the administration of the American Arbitration Association.

7.2 Payment of Legal Fees. In the event that it shall be necessary or desirable for the Executive to retain legal counsel and/or to incur other costs and expenses in connection with the

enforcement of any or all of the Executive's rights under this Agreement, the Company shall pay (or the Executive shall be entitled to recover from the Company) the Executive's attorneys' fees, costs, and expenses in connection with a good faith enforcement of the Executive's rights including the enforcement of any arbitration award, and any such payment shall be made to the Executive as soon as administratively practicable following the time at which the related expense was incurred. This shall include, without limitation, court costs and attorneys' fees incurred by the Executive as a result of any good faith claim, action, or proceeding, including any such action against the Company arising out of, or challenging the validity or enforceability of this Agreement or any provision hereof. To the extent that any payments or reimbursements pursuant to this Section 7.2 are taxable to the Executive, any such payment or reimbursement shall be subject to 9.9 of this Agreement.

Article 8. Successors

The Company shall require any successor to the Critical Care and Vascular Product Group (whether direct or indirect, by purchase, merger, reorganization, consolidation, spinoff, acquisition of property or stock, liquidation, or otherwise) of all or substantially all of the assets of the Critical Care and Vascular Product Group (or any entity formed in relation to the Critical Care and Vascular Product Group in connection with a Sale or a Spinoff) by agreement to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such Sale, Spinoff or other succession had taken place. Regardless of whether such agreement is executed, this Agreement shall be binding upon any such successor in accordance with the operation of law and such successor shall be deemed the "Company" for purposes of this Agreement.

Article 9. Miscellaneous

9.1 Employment Status. This Agreement is not, and nothing herein shall be deemed to create, an employment contract between the Executive and the Company or any of its subsidiaries. Subject to the terms of any employment contract between the Executive and the Company, the Executive acknowledges that the rights of the Company remain wholly intact to change or reduce at any time and from time to time the Executive's compensation, title, responsibilities, location, and all other aspects of the employment relationship, or to discharge the Executive prior to a Spinoff or a Sale (subject to such discharge possibly being considered a Qualifying Termination pursuant to Section 2.2).

9.2 Entire Agreement. This Agreement contains the entire understanding of the Company and the Executive with respect to the subject matter hereof and supersedes all prior oral and written agreements between the parties hereto with respect to the subject matter hereof. In addition, the payments provided for under this Agreement in the event of the Executive's termination of employment as provided herein shall be in lieu of any separation benefits payable under any employment contract between the Executive and the Company or any severance plan, program, or policy of the Company to which the Executive might otherwise be entitled.

Notwithstanding anything in this Section 9.2 to the contrary, and for purposes of clarity, (1) the Company's rights under its standard form of employment agreement, which generally contains the Company's rights with respect to any trade secrets, confidentiality,

inventions and arbitration, and any similar agreements or policies, previously entered into between the Company and the Executive, and (2) the Company's and the Executive's rights under that certain Indemnification Agreement previously entered into between the Company and the Executive, dated as of January 5, 2015, are specifically not integrated into this Agreement and shall continue in effect to the extent continuing to be applicable.

Notwithstanding any other provisions of this Agreement or other agreement between the Company and the Executive or other plan or program of the Company, the Executive shall not be entitled to any payments or benefits under more than one of Sections 2.3, 2.4 and 2.5 of this Agreement or under any other severance agreement, plan or program of the Company if payments or benefits are provided to the Executive under this Agreement.

9.3 Notices. All notices, requests, demands, and other communications hereunder shall be sufficient if in writing and shall be deemed to have been duly given if delivered by hand or if sent by registered or certified mail to the Executive at the last address the Executive has filed in writing with the Company or, in the case of the Company, at its principal offices to the attention of the General Counsel.

9.4 Execution in Counterparts. This Agreement may be executed by the parties hereto in counterparts, each of which shall be deemed to be an original, but all such counterparts shall constitute one and the same instrument, and all signatures need not appear on any one counterpart.

9.5 Conflicting Agreements. The Executive hereby represents and warrants to the Company that the Executive entering into this Agreement, and the obligations and duties undertaken by the Executive hereunder, will not conflict with, constitute a breach of, or otherwise violate the terms of, any other employment or other agreement to which the Executive is a party, except to the extent any such conflict, breach, or violation under any such agreement has been disclosed to the Board in writing in advance of the signing of this Agreement.

9.6 Severability. In the event any provision of this Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of this Agreement, and this Agreement shall be construed and enforced as if the illegal or invalid provision had not been included. Further, the captions of this Agreement are not part of the provisions hereof and shall have no force and effect.

Notwithstanding any other provisions of this Agreement to the contrary, the Company shall have no obligation to make any payment to the Executive hereunder to the extent, but only to the extent, that such payment is prohibited by the terms of any final order of a Federal or state court or regulatory agency of competent jurisdiction; provided, however, that such an order shall not affect, impair, or invalidate any provision of this Agreement not expressly subject to such order.

9.7 Modification. No provision of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to in writing and signed by the Executive and by the Company, as applicable, or by the respective parties' legal representatives or successors.

9.8 Applicable Law. To the extent not preempted by the laws of the United States, the laws of California shall be the controlling law in all matters relating to this Agreement without giving effect to principles of conflicts of laws.

9.9 Compliance with Code Section 409A.

- (a) It is intended that any amounts payable under this Agreement shall either be exempt from or comply with Code Section 409A (including the Treasury regulations and other published guidance relating thereto) ("**Code Section 409A**") so as not to subject the Executive to payment of any additional tax, penalty or interest imposed under Code Section 409A. The provisions of this Agreement shall be construed and interpreted to avoid the imputation of any such additional tax, penalty or interest under Code Section 409A yet preserve (to the nearest extent reasonably possible) the intended benefit payable to the Executive.
- (b) If the Executive is a "specified employee" within the meaning of Treasury Regulation Section 1.409A-1(i) as of the date of the Executive's Separation from Service, the Executive shall not be entitled to the Separation Benefits described in clauses (b) through (f) of Section 2.3, Section 2.4 or Section 2.5 herein, as applicable, until the earlier of (i) the date which is six (6) months after the Executive's Separation from Service for any reason other than death, or (ii) the date of the Executive's death. The provisions of this Section 9.9(b) shall only apply if, and to the extent, required to avoid the imputation of any tax, penalty or interest pursuant to Code Section 409A. Any amounts otherwise payable to the Executive upon or in the six (6) month period following the Executive's Separation from Service that are not so paid by reason of this Section 9.9(b) shall be paid as soon as practicable (and in all events within thirty (30) days) after the date that is six (6) months after the Executive's Separation from Service (or, if earlier, as soon as practicable, and in all events within thirty (30) days, after the date of the Executive's death).
- (c) To the extent that any payments or reimbursements pursuant to this Agreement are taxable to the Executive, any payment or reimbursement shall be paid to the Executive on or before the last day of the Executive's taxable year following the taxable year in which the related expense was incurred. Any such benefits or reimbursements are not subject to liquidation or exchange for another benefit and the amount of such benefits and reimbursements that the Executive receives in one taxable year shall not affect the amount of such benefits and reimbursements that the Executive receives in any other taxable year.

9.1 Legal Counsel. Each party recognizes that this is a legally binding contract and acknowledges and agrees that they have had the opportunity to consult with legal counsel of their choice. Hence, in any construction to be made of this Agreement, the same shall not be construed against either party on the basis of that party being the drafter of such language.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

"COMPANY"

"EXECUTIVE"

Edwards Lifesciences Corporation

By: _____

Name: Christine Z. McCauley

Title: Corporate Vice President, Human Resources

Catherine Szyman

EXHIBIT A

FORM OF GENERAL RELEASE AGREEMENT

[] ("Executive") provides this General Release Agreement (this "Agreement") to [] (the "Company") pursuant to Section 2.1 of the Spinoff Change in Control Agreement, by and between Executive and Edwards Lifesciences Corporation (or any successor thereto), dated _____, 2024 (the "Severance Agreement"), in exchange for those certain separation benefits provided for in the Severance Agreement.

1. Release by Executive. Executive, on Executive's own behalf and on behalf of Executive's descendants, dependents, heirs, executors, administrators, assigns and successors, and each of them, hereby acknowledges full and complete satisfaction of and releases and discharges and covenants not to sue the Company, its divisions, subsidiaries, parents, or affiliated corporations, past and present, and each of them, as well as its and their assignees, successors, directors, officers, stockholders, partners, representatives, attorneys, agents or employees, past or present, or any of them (individually and collectively, "Releasees"), from and with respect to any and all claims, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected, arising out of or in any way connected with Executive's employment or any other relationship with or interest in the Company or the termination thereof, including without limiting the generality of the foregoing, any claim for severance pay, profit sharing, bonus or similar benefit, pension, retirement, life insurance, health or medical insurance or any other fringe benefit, or disability, or any other claims, agreements, obligations, demands and causes of action, known or unknown, suspected or unsuspected resulting from any act or omission by or on the part of Releasees committed or omitted prior to the date of this Agreement set forth below, including, without limiting the generality of the foregoing, any claim under Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Family and Medical Leave Act, the California Fair Employment and Housing Act, California Labor Code Section 132a, the California Family Rights Act, or any other federal, state or local law, regulation, ordinance constitution or common law (collectively, the "Claims"); provided, however, that the foregoing release does not apply to any obligation of the Company to Executive pursuant to any of the following: (1) Article 2 of the Severance Agreement; (2) any equity-based awards previously granted by the Company to Executive, to the extent that such awards continue after the termination of Executive's employment with the Company in accordance with the applicable terms of such awards; (3) any right to indemnification that Executive may have pursuant to the Company's bylaws, its corporate charter or under any written indemnification agreement with the Company (or any corresponding provision of any subsidiary or affiliate of the Company) with respect to any loss, damages or expenses (including but not limited to attorneys' fees to the extent otherwise provided) that Executive may in the future incur with respect to Executive's service as an employee, officer or director of the Company or any of its subsidiaries or affiliates; (4) with respect to any rights that Executive may have to insurance coverage for such losses, damages or expenses under any Company (or subsidiary or affiliate) directors and officers liability insurance policy; (5) any rights to continued medical and dental coverage that Executive may have under COBRA; (6) any rights to payment of vested benefits that Executive may have under any other benefit plan sponsored or maintained by the Company. In addition, this Agreement does not cover any Claim that cannot be so released as a matter of applicable law. Executive acknowledges and agrees that Executive has

received any and all leave and other benefits that Executive has been and is entitled to pursuant to the Family and Medical Leave Act of 1993.

2. Acknowledgment of Payment of Wages. Except for accrued vacation (which the parties agree totals approximately [] days of pay) and salary for the current pay period, Executive acknowledges that Executive has received all amounts owed for Executive's regular and usual salary (including, but not limited to, any bonus, severance, or other wages), and usual benefits through the date of this Agreement.

3. Waiver of Civil Code Section 1542. This Agreement is intended to be effective as a general release of and bar to each and every Claim hereinabove specified. Accordingly, Executive hereby expressly waives any rights and benefits conferred by Section 1542 of the California Civil Code and any similar provision of any other applicable state law as to the Claims. Section 1542 of the California Civil Code provides:

"A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY."

Executive acknowledges that Executive may later discover claims, demands, causes of action or facts in addition to or different from those which Executive now knows or believes to exist with respect to the subject matter of this Agreement and which, if known or suspected at the time of executing this Agreement, may have materially affected its terms. Nevertheless, Executive hereby waives, as to the Claims, any claims, demands, and causes of action that might arise as a result of such different or additional claims, demands, causes of action or facts.

4. ADEA Waiver. Executive expressly acknowledges and agrees that by entering into this Agreement, Executive is waiving any and all rights or claims that Executive may have arising under the Age Discrimination in Employment Act of 1967, as amended ("ADEA"), which have arisen on or before the date of execution of this Agreement. Executive further expressly acknowledges and agrees that:

Executive is hereby advised in writing by this Agreement to consult with an attorney before signing this Agreement;

Executive was given a copy of this Agreement on[] and informed that Executive had [twenty-one (21)/forty-five (45)] days within which to consider this Agreement and that if Executive wished to execute this Agreement prior to expiration of such [21/45]-day period, Executive agrees that Executive voluntarily chose to do so.

Nothing in this Agreement prevents or precludes Executive from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties or costs from doing so, unless specifically authorized by federal law; and

Executive was informed that Executive has seven (7) days following the date of execution of this Agreement in which to revoke this Agreement, and this Agreement will become null and void if Executive elects revocation during that time. Any revocation must be in writing and must be received by the General Counsel of the Company during the seven-day revocation period. In the event that Executive exercises Executive's right of revocation, neither the Company nor Executive will have any obligations under this Agreement.

5. No Transferred Claims. Executive represents and warrants to the Company that Executive has not heretofore assigned or transferred to any person not a party to this Agreement any released matter or any part or portion thereof.

6. Miscellaneous. The following provisions shall apply for purposes of this Agreement:

(a) Number and Gender. Where the context requires, the singular shall include the plural, the plural shall include the singular, and any gender shall include all other genders.

(b) Section Headings. The section headings of, and titles of paragraphs and subparagraphs contained in, this Agreement are for the purpose of convenience only, and they neither form a part of this Agreement nor are they to be used in the construction or interpretation thereof.

(c) Governing Law. This Agreement, and all questions relating to its validity, interpretation, performance and enforcement, as well as the legal relations hereby created between the parties hereto, shall be governed by and construed under, and interpreted and enforced in accordance with, the laws of the State of California, notwithstanding any California or other conflict of law provision to the contrary.

(d) Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

(e) Modifications. This Agreement may not be amended, modified or changed (in whole or in part), except by a formal, definitive written agreement expressly referring to this Agreement, which agreement is executed by both of the parties hereto.

(f) Waiver. No waiver of any breach of any term or provision of this Agreement shall be construed to be, nor shall be, a waiver of any other breach of this Agreement. No waiver shall be binding unless in writing and signed by the party waiving the breach.

(g) Arbitration. Any controversy arising out of or relating to this Agreement shall be submitted to arbitration in accordance with the arbitration provisions of the Severance Agreement.

(h) Counterparts. This Agreement may be executed in counterparts, and each counterpart, when executed, shall have the efficacy of a signed original. Photographic copies of such signed counterparts may be used in lieu of the originals for any purpose.

[Remainder of page intentionally left blank]

The undersigned have read and understand the consequences of this Agreement and voluntarily sign it. The undersigned declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

EXECUTED this ___day of ___20___, at ___
County, ___.

“EXECUTIVE”

[Name]

EXECUTED this ___day of ___20___, at ___
County, ___.

“COMPANY”

[]

By: ___

[Name] [Title]

EDWARDS LIFESCIENCES CORPORATION
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002

CERTIFICATION

I, Bernard J. Zovighian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Edwards Lifesciences Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2024

By: /s/ BERNARD J. ZOVIGHIAN

Bernard J. Zovighian
Chief Executive Officer

**EDWARDS LIFESCIENCES CORPORATION
CERTIFICATIONS PURSUANT TO
SECTION 302 OF
THE SARBANES-OXLEY ACT OF 2002**

CERTIFICATION

I, Scott B. Ullem, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Edwards Lifesciences Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 29, 2024

By: /s/ SCOTT B. ULLEM

Scott B. Ullem

Chief Financial Officer

EDWARDS LIFESCIENCES CORPORATION
CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Edwards Lifesciences Corporation (the "Company") on Form 10-Q for the period ended March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Bernard J. Zovighian, Chief Executive Officer of the Company, and Scott B. Ullem, Corporate Vice President, Chief Financial Officer, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

April 29, 2024

/s/ BERNARD J. ZOVIGHIAN

Bernard J. Zovighian
Chief Executive Officer

April 29, 2024

/s/ SCOTT B. ULLEM

Scott B. Ullem
Chief Financial Officer