

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 June 30, 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

(State or other jurisdiction of incorporation or organization)

36-4316614

(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:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
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 July 26, 2024 was 602.4 million.

EDWARDS LIFESCIENCES CORPORATION
FORM 10-Q
For the quarterly period ended June 30, 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: our ability to complete or realize the anticipated benefits of the sale of our critical care product group; our ability to develop new products and avoid manufacturing and quality issues; risks related to our recent pending acquisitions, including our ability to close the transactions in a timely manner or at all; 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 amended in this report, and as such risks and uncertainties may be further 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)

	June 30, 2024	December 31, 2023
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,644.5	\$ 1,136.1
Short-term investments (Note 5)	345.3	500.5
Accounts receivable, net of allowances of \$ 13.9 and \$ 8.3 , respectively	778.3	771.5
Other receivables	56.1	56.6
Inventories (Note 2)	1,024.7	918.3
Prepaid expenses	110.2	128.8
Other current assets	252.1	224.9
Current assets of discontinued operations (Note 4)	304.8	299.0
Total current assets	4,516.0	4,035.7
Long-term investments (Note 5)	353.3	583.9
Property, plant, and equipment, net	1,640.1	1,592.8
Operating lease right-of-use assets	92.8	84.4
Goodwill	1,151.0	1,152.5
Other intangible assets, net	417.1	399.4
Deferred income taxes	832.6	749.4
Other assets (Note 2)	789.8	463.1
Non-current assets of discontinued operations (Note 4)	306.6	302.0
Total assets	\$ 10,099.3	\$ 9,363.2
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 185.9	\$ 186.6
Accrued and other liabilities (Note 2)	902.4	858.2
Operating lease liabilities	21.5	22.9
Current liabilities of discontinued operations (Note 4)	107.2	127.7
Total current liabilities	1,217.0	1,195.4
Long-term debt	597.3	597.0
Taxes payable	1.1	80.6
Operating lease liabilities	74.2	65.2
Uncertain tax positions	343.2	335.0
Litigation settlement accrual	74.8	94.2
Other liabilities	257.1	251.3
Non-current liabilities of discontinued operations (Note 4)	30.0	25.1
Total liabilities	2,594.7	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, 653.5 and 650.5 shares issued, and 602.3 and 601.1 shares outstanding, respectively	653.5	650.5
Additional paid-in capital	2,476.3	2,274.4
Retained earnings	9,710.6	8,992.4
Accumulated other comprehensive loss (Note 12)	(220.2)	(242.8)
Treasury stock, at cost, 51.2 and 49.4 shares, respectively	(5,182.8)	(5,024.5)
Total Edwards Lifesciences Corporation stockholders' equity	7,437.4	6,650.0
Noncontrolling interest	67.2	69.4
Total stockholders' equity	7,504.6	6,719.4
Total liabilities and equity	\$ 10,099.3	\$ 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net sales	\$ 1,385.9	\$ 1,295.5	\$ 2,732.8	\$ 2,533.2
Cost of sales	285.3	256.9	581.6	495.9
Gross profit	1,100.6	1,038.6	2,151.2	2,037.3
Selling, general, and administrative expenses	450.8	410.4	883.6	792.4
Research and development expenses	272.6	243.7	530.4	478.5
Intellectual property agreement and certain litigation expenses (Note 3)	8.1	147.9	17.0	191.4
Change in fair value of contingent consideration liabilities (Note 7)	—	(26.9)	—	(26.2)
Operating income, net	369.1	263.5	720.2	601.2
Interest income, net	(15.5)	(9.1)	(32.0)	(17.7)
Other income, net	(2.0)	(2.5)	(7.7)	(3.7)
Income from continuing operations before provision for income taxes	386.6	275.1	759.9	622.6
Provision for income taxes	20.2	20.9	66.8	66.2
Net income from continuing operations	366.4	254.2	693.1	556.4
(Loss) income from discontinued operations, net of tax	(1.4)	51.3	22.9	89.6
Net income	365.0	305.5	716.0	646.0
Net loss attributable to noncontrolling interest	(1.3)	(1.6)	(2.2)	(1.6)
Net income attributable to Edwards Lifesciences Corporation	<u>\$ 366.3</u>	<u>\$ 307.1</u>	<u>\$ 718.2</u>	<u>\$ 647.6</u>
Share information (Note 13)				
Earnings per share:				
Basic				
Continuing operations	\$ 0.61	\$ 0.42	\$ 1.15	\$ 0.92
Discontinued operations	\$ —	\$ 0.09	\$ 0.04	\$ 0.15
Basic earnings per share	\$ 0.61	\$ 0.51	\$ 1.19	\$ 1.07
Diluted				
Continuing operations	\$ 0.61	\$ 0.42	\$ 1.15	\$ 0.91
Discontinued operations	\$ —	\$ 0.08	\$ 0.04	\$ 0.15
Diluted earnings per share	\$ 0.61	\$ 0.50	\$ 1.19	\$ 1.06
Weighted-average number of common shares outstanding:				
Basic	602.1	606.9	601.8	607.2
Diluted	604.3	610.3	604.2	610.6

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		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net income	\$ 365.0	\$ 305.5	\$ 716.0	\$ 646.0
Other comprehensive income (loss), net of tax (Note 12):				
Foreign currency translation adjustments	1.0	(11.5)	(25.1)	(7.7)
Unrealized gain (loss) on hedges	6.9	5.3	33.8	(11.9)
Unrealized pension (costs) credits	(0.1)	0.2	0.2	0.1
Unrealized gain on available-for-sale investments	5.3	5.9	13.7	18.9
Other comprehensive income (loss), net of tax	13.1	(0.1)	22.6	(0.6)
Comprehensive income	378.1	305.4	738.6	645.4
Comprehensive loss attributable to noncontrolling interest	(1.3)	(1.6)	(2.2)	(1.6)
Comprehensive income attributable to Edwards Lifesciences Corporation	<u>\$ 379.4</u>	<u>\$ 307.0</u>	<u>\$ 740.8</u>	<u>\$ 647.0</u>

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)

	Six Months Ended June 30,	
	2024	2023
Cash flows from operating activities		
Net income	\$ 716.0	\$ 646.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	78.1	71.3
Non-cash operating lease cost	15.1	13.7
Stock-based compensation (Note 9)	88.5	76.3
Change in fair value of contingent consideration liabilities (Note 7)	—	(26.2)
Deferred income taxes	(101.9)	(134.7)
Other	2.0	(0.7)
Changes in operating assets and liabilities:		
Accounts and other receivables, net	(32.0)	(124.3)
Inventories	(163.7)	(113.7)
Accounts payable and accrued liabilities	62.7	76.2
Income taxes	(370.0)	31.0
Prepaid expenses and other current assets	40.1	(43.4)
Intellectual property agreement accrual	(11.8)	(14.5)
Long-term prepaid royalties (Note 3)	4.2	(114.0)
Other	(9.3)	4.7
Net cash provided by operating activities	318.0	347.7
Cash flows from investing activities		
Capital expenditures	(150.7)	(109.4)
Purchases of held-to-maturity investments (Note 5)	(14.1)	(15.5)
Proceeds from held-to-maturity investments (Note 5)	25.2	83.5
Purchases of available-for-sale investments (Note 5)	(1.8)	(6.8)
Proceeds from available-for-sale investments (Note 5)	388.4	314.5
Investments in intangible assets	(20.0)	(13.3)
Business combination, net of cash	—	(141.2)
Payment for acquisition options (Note 6)	(10.8)	(15.0)
Issuances of notes receivable	(17.5)	(22.5)
Other	(10.8)	(3.6)
Net cash provided by investing activities	187.9	70.7
Cash flows from financing activities		
Purchases of treasury stock	(158.3)	(256.8)
Proceeds from stock plans	116.4	102.7
Other	7.0	(0.4)
Net cash used in financing activities	(34.9)	(154.5)
Effect of currency exchange rate changes on cash, cash equivalents, and restricted cash	39.1	11.0
Net increase in cash, cash equivalents, and restricted cash	510.1	274.9
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)	\$ 1,658.1	\$ 1,047.5

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
				(5,024.5)						
Balance at December 31, 2023	650.5	\$ 650.5	49.4	\$)	\$ 2,274.4	\$ 8,992.4	\$ (242.8)	\$ 6,650.0	\$ 69.4	\$ 6,719.4
Net income						351.9		351.9	(0.9)	351.0
Other comprehensive gain, 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)
				(5,024.7)						
Balance at March 31, 2024	651.8	\$ 651.8	49.4	\$)	\$ 2,379.8	\$ 9,344.3	\$ (233.3)	\$ 7,117.9	\$ 68.5	\$ 7,186.4
Net income						366.3		366.3	(1.3)	365.0
Other comprehensive gain, net of tax							13.1	13.1		13.1
Common stock issued under equity plans	1.7	1.7			52.6			54.3		54.3
Stock-based compensation expense					43.9			43.9		43.9
Purchases of treasury stock			1.8	(158.1)				(158.1)		(158.1)
				(5,182.8)						
Balance at June 30, 2024	653.5	\$ 653.5	51.2	\$)	\$ 2,476.3	\$ 9,710.6	\$ (220.2)	\$ 7,437.4	\$ 67.2	\$ 7,504.6

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. Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
	Shares	Par Value	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss			
				(
		646.3		4,144.0						
Balance at December 31, 2022	646.3	\$	38.0	\$)	\$ 1,969.3	\$ 7,590.0	\$ (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						
Balance at March 31, 2023	647.1	\$	41.1	\$)	\$ 2,049.3	\$ 7,930.5	\$ (255.4)	\$ 5,978.0	\$ 84.0	\$ 6,062.0
Net income						307.1		307.1	(1.6)	305.5
Other comprehensive loss, net of tax							(0.1)	(0.1)		(0.1)
Common stock issued under equity plans	2.0	2.0			58.8			60.8		60.8
Stock-based compensation expense					37.4			37.4		37.4
Purchases of treasury stock			0.1	(7.5)				(7.5)		(7.5)
Changes to noncontrolling interest									(11.6)	(11.6)
				(
		649.1		4,401.0						
Balance at June 30, 2023	649.1	\$	41.2	\$)	\$ 2,145.5	\$ 8,237.6	\$ (255.5)	\$ 6,375.7	\$ 70.8	\$ 6,446.5

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.

On June 3, 2024, the Company entered into a definitive agreement to sell its Critical Care product group ("Critical Care"). The historical results of Critical Care are reflected as discontinued operations in the Company's consolidated condensed financial statements for all periods presented. Unless otherwise indicated, the information in the notes to the consolidated condensed financial statements refer only to Edwards Lifesciences' continuing operations. For more information, see Note 4.

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:

	June 30, 2024	December 31, 2023
Inventories		
Raw materials	\$ 233.5	\$ 196.9
Work in process	237.7	195.7
Finished products	553.5	525.7
	<u>\$ 1,024.7</u>	<u>\$ 918.3</u>

At June 30, 2024 and December 31, 2023, \$ 167.1 million and \$ 164.6 million, respectively, of the Company's finished products inventories were held on consignment.

	June 30, 2024	December 31, 2023
Other assets		
Tax receivable (Note 14)	\$ 290.0	\$ —
Notes and other receivables	172.3	155.1
Acquisition options	176.9	161.3
Long-term prepaid royalties	105.7	109.9
Fair value of derivatives	30.5	23.4
Other long-term assets	14.4	13.4
	<u>\$ 789.8</u>	<u>\$ 463.1</u>
Accrued and other liabilities		
Employee compensation and withholdings	\$ 288.7	\$ 318.2
Taxes payable	47.0	52.7
Property, payroll, and other taxes	73.8	53.8
Research and development accruals	78.0	71.6
Accrued rebates	120.6	123.5
Fair value of derivatives	4.7	15.2
Accrued marketing expenses	13.0	13.7
Legal and insurance	32.5	28.9
Litigation settlement	76.7	69.1
Accrued relocation costs	17.0	16.9
Accrued professional services	59.1	8.5
Accrued realignment reserves	8.9	6.4
Other accrued liabilities	82.4	79.7
	<u>\$ 902.4</u>	<u>\$ 858.2</u>

Supplemental Cash Flow Information
(in millions)

	Six Months Ended June 30,	
	2024	2023
Cash paid during the year for:		
Income taxes ^(a) (Note 14)	\$ 528.9	\$ 193.5
Amounts included in the measurement of operating lease liabilities	\$ 14.5	\$ 12.7
Non-cash investing and financing transactions:		
Right-of-use assets obtained in exchange for new lease liabilities	\$ 24.6	\$ 5.2
Capital expenditures accruals	\$ 24.1	\$ 26.2

(a) Includes cash paid for income taxes from discontinued operations of \$ 7.1 million and \$ 22.3 million for the six months ended June 30, 2024 and 2023, respectively.

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

	June 30, 2024	December 31, 2023
Continuing operations		
Cash and cash equivalents	\$ 1,644.5	\$ 1,136.1
Restricted cash included in other current assets	3.5	3.3
Restricted cash included in other assets	0.9	0.7
Total	\$ 1,648.9	\$ 1,140.1
Discontinued operations		
Cash and cash equivalents	\$ 9.2	\$ 7.9
Total	\$ 9.2	\$ 7.9
Total cash, cash equivalents, and restricted cash	\$ 1,658.1	\$ 1,148.0

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. DISCONTINUED OPERATIONS

On June 3, 2024, the Company entered into a definitive agreement to sell its Critical Care product group ("Critical Care") to Becton, Dickinson and Company in an all-cash transaction for \$ 4.2 billion, subject to certain customary adjustments as set forth in the agreement. The closing of the transaction is subject to regulatory approvals and other customary closing conditions.

Critical Care was historically reported in each of the Company's segments (United States, Europe, Japan, and Rest of World).

The Company concluded that Critical Care met the criteria to be classified as held-for-sale in June 2024 and determined that the conditions for discontinued operations presentation had been met with respect to Critical Care. A component of an entity is reported in discontinued operations after meeting the criteria for held-for-sale classification if the disposition represents a strategic shift that has (or will have) a major effect on the entity's operations and financial results. The Company analyzed the quantitative and qualitative factors relevant to the divestiture of Critical Care, including its significance to the Company's overall net income and total assets, and determined that those conditions for discontinued operations presentation had been met. As such, the historical financial condition and results of Critical Care have been reflected as discontinued operations in the Company's consolidated condensed financial statements. The assets and liabilities associated with Critical Care are classified as assets and liabilities of discontinued operations in the Company's consolidated condensed balance sheets. Prior period amounts have been adjusted to reflect the discontinued operations presentation.

In connection with the sale, the Company plans to enter into a Transition Services Agreement ("TSA") to provide certain support services for up to 36 months from the closing date of the sale (with certain extension rights as provided therein). These services may include, among others, accounting, information technology, human resources, quality assurance, regulatory affairs, customer support, and global supply chain. Income recognized related to the TSA will be recorded in *Other Operating Income, net* on the Company's consolidated condensed statements of operations.

Details of *Income from Discontinued Operations* are as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net sales	\$ 246.4	\$ 234.7	\$ 497.7	\$ 456.6
Cost of sales	91.2	86.1	180.5	176.6
Gross profit	155.2	148.6	317.2	280.0
Selling, general, and administrative expenses	57.7	58.3	114.6	112.6
Research and development expenses	30.6	26.6	58.0	53.0
Separation costs	79.7	—	121.0	—
Operating (loss) income, net	(12.8)	63.7	23.6	114.4
Other expense (income), net	1.1	0.3	1.4	(0.1)
(Loss) income from discontinued operations before provision for income taxes	(13.9)	63.4	22.2	114.5
(Benefit from) provision for income taxes from discontinued operations	(12.5)	12.1	(0.7)	24.9
Net (loss) income from discontinued operations	(1.4)	51.3	22.9	89.6

Separation costs related primarily to consulting, legal, tax, and other professional advisory services associated with the planned sale of Critical Care.

Details of assets and liabilities of discontinued operations are as follows (in millions):

	June 30, 2024	December 31, 2023
Cash and cash equivalents	\$ 9.2	\$ 7.9
Accounts receivable, net of allowances	4.9	3.6
Other receivables	4.1	5.2
Inventories	261.9	249.9
Prepaid expenses	17.9	18.0
Other current assets	6.8	14.4
Total current assets of discontinued operations	<u>\$ 304.8</u>	<u>\$ 299.0</u>
Property, plant, and equipment, net	158.6	156.6
Operating lease right-of-use assets	14.2	9.6
Goodwill	101.0	101.0
Other intangible assets, net	27.3	29.0
Deferred income taxes	5.2	5.2
Other assets	0.3	0.6
Total non-current assets of discontinued operations	<u>\$ 306.6</u>	<u>\$ 302.0</u>
Accounts payable	\$ 13.3	\$ 14.8
Accrued and other liabilities	90.9	110.9
Operating lease liabilities	3.0	2.0
Total current liabilities of discontinued operations	<u>\$ 107.2</u>	<u>\$ 127.7</u>
Operating lease liabilities	11.4	7.8
Uncertain tax positions	4.3	4.3
Other liabilities	14.3	13.0
Total non-current liabilities of discontinued operations	<u>\$ 30.0</u>	<u>\$ 25.1</u>

Cash flows attributable to the Company's discontinued operations are included in the Company's consolidated condensed statements of cash flows. Significant non-cash operating and investing activities attributable to discontinued operations consisted of the following (in millions):

	Six Months Ended June 30,	
	2024	2023
Depreciation and amortization	11.7	11.2
Stock-based compensation	11.9	7.8
Inventory write off	6.7	3.5
Capital expenditures	11.4	13.4

5. INVESTMENTS

Debt Securities

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

	June 30, 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	\$ 53.4	\$ —	\$ —	\$ 53.4	\$ 64.5	\$ —	\$ —	\$ 64.5
Available-for-sale								
U.S. government and agency securities	48.5	—	(2.0)	46.5	72.7	0.1	(2.8)	70.0
Asset-backed securities	110.8	—	(2.7)	108.1	192.1	—	(7.8)	184.3
Corporate debt securities	372.2	0.1	(8.0)	364.3	658.5	—	(16.7)	641.8
Municipal securities	2.8	—	(0.1)	2.7	2.8	—	(0.2)	2.6
Total	\$ 534.3	\$ 0.1	\$ (12.8)	\$ 521.6	\$ 926.1	\$ 0.1	\$ (27.5)	\$ 898.7

The cost and fair value of investments in debt securities, by contractual maturity, as of June 30, 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	\$ 53.4	\$ 53.4	\$ 295.9	\$ 291.9
Due after 1 year through 5 years	—	—	114.8	110.4
Instruments not due at a single maturity date ^(a)	—	—	123.6	119.3
	\$ 53.4	\$ 53.4	\$ 534.3	\$ 521.6

(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 June 30, 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):

	June 30, 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	\$ —	\$ —	\$ 44.8	\$ (2.0)	\$ 44.8	\$ (2.0)
Asset-backed securities	5.1	(0.1)	101.8	(2.6)	106.9	(2.7)
Corporate debt securities	—	—	283.4	(8.0)	283.4	(8.0)
Municipal securities	—	—	2.7	(0.1)	2.7	(0.1)
	\$ 5.1	\$ (0.1)	\$ 432.7	\$ (12.7)	\$ 437.8	\$ (12.8)

	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 Los
U.S. government and agency securities	\$ —	\$ —	\$ 67.1	\$ (2.8)	\$ 67.1	\$ (2
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
	\$ 35.2	\$ (1.9)	\$ 843.7	\$ (25.6)	\$ 878.9	\$ (2

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 June 30, 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:

	June 30, 2024	December 31, 2023
	(in millions)	
Equity method investments		
Carrying value of equity method investments	\$ 34.0	\$ 33.6
Equity securities		
Carrying value of non-marketable equity securities	89.6	87.6
Total investments in unconsolidated entities	<u>\$ 123.6</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 six months ended June 30, 2024 based on observable price changes. As of June 30, 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 and six months ended June 30, 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 \$ 262.5 million and \$ 27.2 million, respectively, as of June 30, 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 June 2022, the Company entered into a convertible promissory note and amended its existing warrant agreement with a medical device company. Under the convertible promissory note agreement, the Company agreed to loan the medical device company up to \$ 47.5 million, of which \$ 37.5 million had been advanced as of June 30, 2024. In addition, in 2019, the Company paid \$ 35.0 million for an option to acquire the medical device company. The \$ 35.0 million option and the \$ 37.5 million note receivable are included in *Other Assets* on the consolidated balance sheets.

In May 2022, the Company entered into an option agreement with a medical technology company. Under the option agreement, Edwards paid \$ 60.0 million for an option to acquire the medical technology company, of which \$ 10.0 million was paid in 2021. In addition, the Company has entered into several promissory notes under which the Company agreed to loan the medical technology company an aggregate total of up to \$ 46.0 million, of which \$ 45.0 million had been advanced as of June 30, 2024. In July 2024, the Company agreed to loan the medical technology company an additional \$ 18.0 million, and advanced \$ 5.0 million under this additional promissory note. Also, in July 2024, the Company exercised its option to acquire the medical technology company. For more information, see Note 16. The \$ 60.0 million option and the \$ 45.0 million note receivable are included in *Other Assets* on the consolidated balance sheets.

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 June 30, 2024 and December 31, 2023, the Company had advanced \$ 30.0 million under the promissory note (included in *Other Assets*). As of June 30, 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 June 30, 2024. Also, in March 2023, Edwards advanced \$ 5.0 million to the medical device company under a convertible promissory note. In addition, as of June 30, 2024 and December 31, 2023, the Company had invested \$ 3.5 million and \$ 3.3 million, respectively, in the medical device company's preferred equity securities. The option and the note are included in *Other Assets* on the consolidated balance sheets, and the equity investment is included in *Long-term Investments*. In July 2024, the Company exercised its option to acquire the medical device company. For more information, see Note 16.

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 June 30, 2024, the fair value of the notes payable, based on Level 2 inputs, was \$ 580.3 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):

<u>June 30, 2024</u>	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	\$ 1,061.9	\$ —	\$ —	\$ 1,061.9
Available-for-sale investments:				
Corporate debt securities	—	364.3	—	364.3
Asset-backed securities	—	108.1	—	108.1
United States government and agency securities	—	46.5	—	46.5
Municipal securities	—	2.7	—	2.7
Investments held for deferred compensation plans	134.1	—	—	134.1
Derivatives	—	65.2	—	65.2
	<u>\$ 1,196.0</u>	<u>\$ 586.8</u>	<u>\$ —</u>	<u>\$ 1,782.8</u>
Liabilities				
Derivatives	\$ —	\$ 4.7	\$ —	\$ 4.7
Other	—	—	5.0	5.0
	<u>\$ —</u>	<u>\$ 4.7</u>	<u>\$ 5.0</u>	<u>\$ 9.7</u>
<u>December 31, 2023</u>				
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	—	39.5	—	39.5
	<u>\$ 705.0</u>	<u>\$ 938.2</u>	<u>\$ —</u>	<u>\$ 1,643.2</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 derivative instruments are recognized on the balance sheet at their fair value, which 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 June 30, 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 June 30, 2024	\$ —	\$ 5.0	\$ 5.0

	Contingent Consideration	Other	Total
Balance at December 31, 2022	\$ 26.2	\$ 14.0	\$ 40.2
Changes in fair value	(26.2)	—	(26.2)
Balance at June 30, 2023	\$ —	\$ 14.0	\$ 14.0

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	
	June 30, 2024	December 31, 2023
	(in millions)	
Foreign currency forward exchange contracts	\$ 1,743.1	\$ 1,460.3
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 one 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	
		June 30, 2024	December 31, 2023
Assets			
Foreign currency contracts	Other current assets	\$ 34.7	\$ 16.1
Cross-currency swap contracts	Other assets	\$ 30.5	\$ 23.4
Liabilities			
Foreign currency contracts	Accrued and other liabilities	\$ 4.7	\$ 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	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet				
				Financial Instruments	Cash Collateral Received	Net Amount		
<u>June 30, 2024</u>								
Derivative assets								
Foreign currency contracts	\$ 34.7	\$ —	\$ 34.7	\$ (4.3)	\$ —	\$ 30.4		
Cross-currency swap contracts	\$ 30.5	\$ —	\$ 30.5	\$ —	\$ —	\$ 30.5		
Derivative liabilities								
Foreign currency contracts	\$ 4.7	\$ —	\$ 4.7	\$ (4.3)	\$ —	\$ 0.4		
<u>December 31, 2023</u>								
Derivative assets								
Foreign currency contracts	\$ 16.1	\$ —	\$ 16.1	\$ (9.4)	\$ —	\$ 6.7		
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)			
	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Cash flow hedges				
Foreign currency contracts	\$ 21.7	\$ 23.2	\$ 57.9	\$ 26.9
Net investment hedges				
Cross-currency swap contracts	\$ 2.7	\$ (6.5)	\$ 7.1	\$ (9.0)

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.

The following tables present the effect of derivative instruments on the consolidated condensed statements of operations (in millions):

	Location and Amount of Gain or (Loss) Recognized in Income					
	Three Months Ended June 30, 2024			Six Months Ended June 30, 2024		
	Interest		Other	Interest		Other income,
	Cost of sales	income, net	income, net	Cost of sales	income, net	net
Total amounts presented in the consolidated condensed statements of operations	\$ (285.3)	\$ 15.5	\$ 2.0	\$ (581.6)	\$ 32.0	\$ 7.7
The effects of fair value hedges:						
Foreign currency contracts:						
Hedged items	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (4.0)
Derivatives designated as hedging instruments	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4.0
Amount excluded from effectiveness testing (amortized)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 0.8
The effects of cash flow hedges:						
Foreign currency contracts:						
Amount of gain (loss) reclassified from accumulated OCI into income	\$ 12.5	\$ —	\$ —	\$ 14.9	\$ —	\$ —
The effects of net investment hedges:						
Cross currency swap contracts:						
Amount excluded from effectiveness testing	\$ —	\$ 1.8	\$ —	\$ —	\$ 3.5	\$ —
The effects of non-designated hedges:						
Foreign currency contracts	\$ —	\$ —	\$ 20.9	\$ —	\$ —	\$ 33.3

	Location and Amount of Gain or (Loss) Recognized in Income					
	Three Months Ended			Six Months Ended		
	June 30, 2023			June 30, 2023		
	Cost of sales	Interest income, net	Other income, net	Cost of sales	Interest income, net	Other income, net
Total amounts presented in the consolidated condensed statements of operations	\$ (256.9)	\$ 9.1	\$ 2.5	\$ (495.9)	\$ 17.7	\$ 3.7

The effects of fair value hedges:

Foreign currency contracts:						
Hedged items	\$ —	\$ —	\$ (10.1)	\$ —	\$ —	\$ (8.9)
Derivatives designated as hedging instruments	\$ —	\$ —	\$ 10.1	\$ —	\$ —	\$ 8.9
Amount excluded from effectiveness testing (amortized)	\$ —	\$ —	\$ 1.2	\$ —	\$ —	\$ 2.4

The effects of cash flow hedges:

Foreign currency contracts:						
Amount of gain (loss) reclassified from accumulated OCI into income	\$ 13.9	\$ —	\$ —	\$ 43.7	\$ —	\$ —

The effects of net investment hedges:

Cross currency swap contracts:						
Amount excluded from effectiveness testing	\$ —	\$ 1.8	\$ —	\$ —	\$ 3.5	\$ —

The effects of non-designated hedges:

Foreign currency contracts	\$ —	\$ —	\$ 9.9	\$ —	\$ —	\$ 4.5
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The Company expects that during the next twelve months it will reclassify to earnings a \$ 16.7 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 and six months ended June 30, 2024 and 2023 was as follows (in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Cost of sales	\$ 7.5	\$ 5.4	\$ 14.7	\$ 11.6
Selling, general, and administrative expenses	20.3	20.4	42.2	40.4
Research and development expenses	9.7	7.9	19.6	16.5
Total stock-based compensation expense	37.5	33.7	76.5	68.5
Income tax benefit	(6.0)	(5.5)	(11.5)	(9.8)
Total stock-based compensation expense, net of tax	\$ 31.5	\$ 28.2	\$ 65.0	\$ 58.7

At June 30, 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 \$ 313.4 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 34 months.

On May 7, 2024, the Company's stockholders approved the amendment and restatement of the Company's Long-term Stock Incentive Compensation Program (the "Long-term Stock Program") to (1) increase the total number of shares of the Company's common stock available for issuance under the Long-term Stock Program by 6.9 million shares to a new total share limit of 334.5 million shares, (2) increase the total number of shares of the Company's common stock available for issuance as restricted stock and restricted stock unit awards under the Long-term Stock Program by 2.0 million shares to a new limit on the total number of shares available for these types of awards of 35.6 million shares, and (3) extend the term within which new awards may be granted under the Long-term Stock Program through February 21, 2034.

During the six months ended June 30, 2024, the Company granted 1.4 million stock options at a weighted-average exercise price per share of \$ 85.86 , and 1.7 million restricted stock units at a weighted-average grant-date fair value per share of \$ 86.31 . During the six months ended June 30, 2024, the Company also granted 0.1 million market-based restricted stock units

at a weighted-average grant-date fair value per share of \$ 97.66 . The market-based restricted stock units granted during the six months ended June 30, 2024 vest based on a combination of certain service and market conditions. The actual number of shares issued will be determined based on the Company's total shareholder return relative to a selected industry peer group over a three-year performance period and may range from 0 % to 175 % of the target number of shares granted.

Fair Value Disclosures

The fair value of market-based restricted stock units was determined using a Monte Carlo simulation model, which uses multiple input variables to determine the probability of satisfying the market condition requirements. The weighted-average assumptions used to determine the fair value of the market-based restricted stock units granted during the six months ended June 30, 2024 and 2023 included a risk-free interest rate of 4.5 % and 3.6 %, respectively, and an expected volatility rate of 32.4 % and 32.6 %, respectively.

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:

Option Awards	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Risk-free interest rate	4.5 %	3.4 %	4.5 %	3.4 %
Expected dividend yield	None	None	None	None
Expected volatility	30.9 %	32.8 %	30.9 %	32.8 %
Expected term (years)	5.2	5.1	5.2	5.1
Fair value, per option	\$ 31.24	\$ 31.03	\$ 31.26	\$ 31.01

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:

ESPP	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Risk-free interest rate	5.2 %	4.7 %	5.2 %	4.6 %
Expected dividend yield	None	None	None	None
Expected volatility	29.3 %	34.8 %	33.5 %	31.5 %
Expected term (years)	0.7	0.6	0.6	0.6
Fair value, per share	\$ 23.37	\$ 22.02	\$ 25.01	\$ 19.03

10. ACCELERATED SHARE REPURCHASE

During 2024 and 2023, the Company entered into accelerated share repurchase ("ASR") agreements 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 applicable agreements, less a discount. The following table summarizes the terms of the ASR agreements (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
April 2024	\$ 150.0	1.4	\$ 85.95	80 %	May 2024	1.7	\$ 86.72

The ASR agreements were 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 contracts indexed to the Company's common stock met all the applicable criteria for equity classification and, therefore, were 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 is vigorously defending 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	\$ (240.6)	\$ 27.6	\$ (16.4)	\$ (3.9)	\$ (233.3)
Other comprehensive income (loss) before reclassifications	3.4	21.8	4.2	(0.1)	29.3
Amounts reclassified from accumulated other comprehensive loss	(1.8)	(12.5)	1.0	—	(13.3)
Deferred income tax (expense) benefit	(0.6)	(2.4)	0.1	—	(2.9)
June 30, 2024	\$ (239.6)	\$ 34.5	\$ (11.1)	\$ (4.0)	\$ (220.2)

	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	\$ (215.0)	\$ 6.6	\$ (52.6)	\$ 5.6	\$ (255.4)
Other comprehensive (loss) income before reclassifications	(11.3)	33.5	2.1	0.2	24.5
Amounts reclassified from accumulated other comprehensive loss	(1.8)	(25.2)	3.8	—	(23.2)
Deferred income tax benefit (expense)	1.6	(3.0)	—	—	(1.4)
June 30, 2023	\$ (226.5)	\$ 11.9	\$ (46.7)	\$ 5.8	\$ (255.5)

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 June 30,		Six Months Ended June 30,		Affected Line on Consolidated Condensed Statements of Operations
	2024	2023	2024	2023	
Foreign currency translation adjustments	\$ 1.8	\$ 1.8	\$ 3.5	\$ 3.5	Other income, net
	(0.4)	(0.4)	(0.8)	(0.8)	Provision for income taxes
	\$ 1.4	\$ 1.4	\$ 2.7	\$ 2.7	Net of tax
Gain on hedges	\$ 12.5	\$ 13.9	\$ 14.9	\$ 43.7	Cost of sales
	—	11.3	4.8	11.3	Other income, net
	12.5	25.2	19.7	55.0	Total before tax
	(3.2)	(4.8)	(4.7)	(11.9)	Provision for income taxes
	\$ 9.3	\$ 20.4	\$ 15.0	\$ 43.1	Net of tax
Loss on available-for-sale investments	\$ (1.0)	\$ (3.8)	\$ (3.5)	\$ (7.8)	Interest income, net
	0.3	0.9	0.9	1.9	Provision for income taxes
	\$ (0.7)	\$ (2.9)	\$ (2.6)	\$ (5.9)	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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Income for Earnings Per Share Calculations:				
Income from continuing operations, net of tax	\$ 366.4	\$ 254.2	\$ 693.1	\$ 556.4
Net loss attributable to noncontrolling interests	(1.3)	(1.6)	(2.2)	(1.6)
Income from continuing operations attributable to Edwards Lifesciences Corporation	367.7	255.8	695.3	558.0
(Loss) income from discontinued operations	(1.4)	51.3	22.9	89.6
Net income attributable to Edwards Lifesciences Corporation	<u>\$ 366.3</u>	<u>\$ 307.1</u>	<u>\$ 718.2</u>	<u>\$ 647.6</u>
Weighted Average Shares:				
Basic weighted-average shares outstanding	602.1	606.9	601.8	607.2
Dilutive effect of stock plans	2.2	3.4	2.4	3.4
Dilutive weighted-average shares outstanding	<u>604.3</u>	<u>610.3</u>	<u>604.2</u>	<u>610.6</u>
Earnings per Share:				
Basic:				
Continuing operations	\$ 0.61	\$ 0.42	\$ 1.15	\$ 0.92
Discontinued operations	—	0.09	0.04	0.15
Basic earnings per share	<u>\$ 0.61</u>	<u>\$ 0.51</u>	<u>\$ 1.19</u>	<u>\$ 1.07</u>
Diluted:				
Continuing operations	\$ 0.61	\$ 0.42	\$ 1.15	\$ 0.91
Discontinued operations	—	0.08	0.04	0.15
Diluted earnings per share	<u>\$ 0.61</u>	<u>\$ 0.50</u>	<u>\$ 1.19</u>	<u>\$ 1.06</u>

Stock options, restricted stock units, and market-based restricted stock units to purchase an aggregate of 7.7 million and 6.7 million common shares for the three months ended June 30, 2024 and 2023, respectively, and 6.5 million and 5.9 million shares for the six months ended June 30, 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 attributable to continuing operations were 5.2 % and 7.6 % for the three months ended June 30, 2024 and 2023, respectively and 8.8 % and 10.6 % for the six months ended June 30, 2024 and 2023, respectively. The decrease in the effective rate between the six months ended June 30, 2024 and 2023 is primarily due to an increase in tax benefits from foreign earnings taxed at lower rates and favorable global income tax audit settlements. In addition, the effective rates for the six months ended June 30, 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 attributable to continuing operations of \$ 3.8 million and \$ 8.1 million for the three months ended June 30, 2024 and 2023, respectively, and \$ 9.5 million and \$ 11.0 million for the six months ended June 30, 2024 and 2023, respectively.

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 taxing 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 June 30, 2024 and December 31, 2023, the gross liability recorded for income taxes associated with uncertain tax positions was \$ 619.1 million and \$ 583.9 million, respectively. The Company estimates that these liabilities would be reduced by \$ 275.4 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 \$ 343.7 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 APA renewal between Singapore and Japan covering tax years 2020 through 2026 is pending.

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.

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 the 2015 through 2017 period of approximately \$ 240 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 and interest thereon 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 June 30, 2024. The Company has considered this information, as well as information regarding the NOD and other proceedings 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 proceedings including a formal appeal of the assessment expected to be filed in the third quarter of 2024. If necessary, the Company will defend that position through 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Segment Net Sales				
United States	\$ 816.9	\$ 761.9	\$ 1,609.8	\$ 1,487.0
Europe	334.9	302.0	660.4	602.6
Japan	93.2	87.5	181.5	168.6
Rest of World	150.7	139.2	291.2	267.2
Total segment net sales	<u>\$ 1,395.7</u>	<u>\$ 1,290.6</u>	<u>\$ 2,742.9</u>	<u>\$ 2,525.4</u>
Segment Operating Income				
United States	\$ 544.2	\$ 519.4	\$ 1,075.7	\$ 1,014.7
Europe	187.4	166.0	365.6	335.8
Japan	58.3	53.4	106.0	105.6
Rest of World	61.1	59.2	118.8	112.8
Total segment operating income	<u>\$ 851.0</u>	<u>\$ 798.0</u>	<u>\$ 1,666.1</u>	<u>\$ 1,568.9</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		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net Sales Reconciliation				
Segment net sales	\$ 1,395.7	\$ 1,290.6	\$ 2,742.9	\$ 2,525.4
Foreign currency	(9.8)	4.9	(10.1)	7.8
Consolidated net sales	<u>\$ 1,385.9</u>	<u>\$ 1,295.5</u>	<u>\$ 2,732.8</u>	<u>\$ 2,533.2</u>
Pre-tax Income Reconciliation				
Segment operating income	\$ 851.0	\$ 798.0	\$ 1,666.1	\$ 1,568.9
Unallocated amounts:				
Corporate items	(483.3)	(439.4)	(935.2)	(852.7)
Intellectual property agreement and certain litigation expenses	(8.1)	(147.9)	(17.0)	(191.4)
Change in fair value of contingent consideration liabilities	—	26.9	—	26.2
Foreign currency	9.5	25.9	6.3	50.2
Consolidated operating income	369.1	263.5	720.2	601.2
Non-operating income	17.5	11.6	39.7	21.4
Consolidated pre-tax income	<u>\$ 386.6</u>	<u>\$ 275.1</u>	<u>\$ 759.9</u>	<u>\$ 622.6</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		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Net Sales by Geographic Region				
United States	\$ 816.8	\$ 761.9	\$ 1,609.7	\$ 1,487.0
Europe	335.6	301.9	665.3	598.6
Japan	87.4	94.1	174.1	182.8
Rest of World	146.1	137.6	283.7	264.8
	<u>\$ 1,385.9</u>	<u>\$ 1,295.5</u>	<u>\$ 2,732.8</u>	<u>\$ 2,533.2</u>
Net Sales by Major Product Group				
Transcatheter Aortic Valve Replacement	\$ 1,038.6	\$ 991.6	\$ 2,046.5	\$ 1,939.5
Transcatheter Mitral and Tricuspid Therapies	83.0	47.6	155.9	89.2
Surgical Structural Heart	264.3	256.3	530.4	504.5
	<u>\$ 1,385.9</u>	<u>\$ 1,295.5</u>	<u>\$ 2,732.8</u>	<u>\$ 2,533.2</u>

16. SUBSEQUENT EVENTS

In July 2024, the Company entered into agreements and plans of mergers to acquire a) JenaValve Technology, Inc., a developer of a catheter-based system to treat patients suffering from aortic regurgitation, a unique disease that affects the aortic valve, for an aggregate cash purchase price of \$ 500.0 million, subject to certain adjustments, plus up to an additional \$ 445.0 million upon achievement of certain regulatory and sales milestones; b) Endotronix, Inc., a developer of an implantable sensor for management of heart failure patients, for an aggregate cash purchase price of \$ 600.0 million, subject to certain adjustments, plus an additional \$ 75.0 million payable for achievement of certain milestones; c) Innovalve Bio Medical Limited, a developer of a transcatheter mitral valve replacement system, for an aggregate cash purchase price of \$ 300.0 million, subject to certain adjustments, plus an additional \$ 25.0 million upon achievement of a certain regulatory milestone.

The Company also paid \$ 115.0 million, of which \$ 5.0 million was paid in May 2024 and \$ 110.0 million was paid in July 2024, and may be required to pay up to an additional \$ 200.0 million upon achievement of certain sales milestones to acquire an early-stage medical device company that is developing a catheter-based system to treat patients suffering from a valvular disease.

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

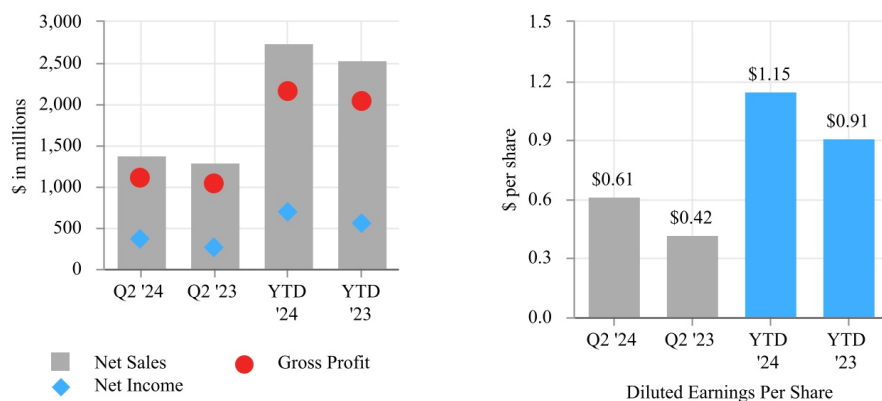
Overview

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. 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. 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"), and Surgical Structural Heart ("Surgical").

On June 3, 2024, we entered into a definitive agreement to sell our Critical Care product group ("Critical Care") to Becton, Dickinson and Company. We expect to complete the sale of Critical Care by the end of the third quarter of 2024 in an all cash-transaction for \$4.2 billion, subject to certain customary adjustments as set forth in the agreement. We believe that the planned sale will enable us to pursue expanded opportunities for TAVR, TMTT, and Surgical patients, as well as new investments in interventional heart failure technologies. We analyzed the quantitative and qualitative factors relevant to the divestiture of Critical Care, including its significance to our overall net income and total assets, and determined that the conditions for discontinued operations presentation with respect to Critical Care had been met. As such, the historical financial condition and results of Critical Care have been reflected as discontinued operations in our consolidated condensed financial statements. Prior period amounts have been adjusted to reflect the discontinued operations presentation. Our discussion and analysis of our results of operations is reflective of our continuing operations. See Note 4 to the *Consolidated Condensed Financial Statements* for further information.

Financial Highlights



Our net sales for the first six months of 2024 were \$2.7 billion, representing an increase of \$199.6 million compared to the first six months of 2023, driven primarily by sales of our TAVR products.

Our gross profit increased in the six months ended June 30, 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 six months ended June 30, 2024 was driven by an after-tax charge of \$142.2 million in the six months ended June 30, 2023 related to an intellectual property agreement.

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 innovations, 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 six months of 2024, we invested 19.4% 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				Six Months Ended			
	June 30,		Change	Percent Change	June 30,		Change	Percent Change
	2024	2023			2024	2023		
United States	\$ 816.8	\$ 761.9	\$ 54.9	7.2 %	\$ 1,609.7	\$ 1,487.0	\$ 122.7	8.3 %
Europe	335.6	301.9	33.7	11.2 %	665.3	598.6	66.7	11.2 %
Japan	87.4	94.1	(6.7)	(7.2) %	174.1	182.8	(8.7)	(4.7) %
Rest of World	146.1	137.6	8.5	6.2 %	283.7	264.8	18.9	7.1 %
Outside of the United States	569.1	533.6	35.5	6.7 %	1,123.1	1,046.2	76.9	7.3 %
Total net sales	\$ 1,385.9	\$ 1,295.5	\$ 90.4	7.0 %	\$ 2,732.8	\$ 2,533.2	\$ 199.6	7.9 %

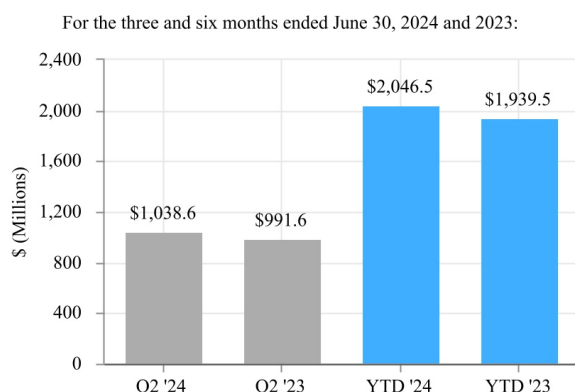
Net sales outside of the United States include the impact of foreign currency exchange rate fluctuations. The impact of foreign currency exchange rate fluctuations on net sales is not necessarily indicative of the impact on net income due to the corresponding effect of foreign currency exchange rate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

Net Sales by Product Group

(dollars in millions)

	Three Months Ended				Six Months Ended			
	June 30,		Change	Percent Change	June 30,		Change	Percent Change
	2024	2023			2024	2023		
Transcatheter Aortic Valve Replacement	\$ 1,038.6	\$ 991.6	\$ 47.0	4.7 %	\$ 2,046.5	\$ 1,939.5	\$ 107.0	5.5 %
Transcatheter Mitral and Tricuspid Therapies	83.0	47.6	35.4	74.7 %	155.9	89.2	66.7	74.9 %
Surgical Structural Heart	264.3	256.3	8.0	3.1 %	530.4	504.5	25.9	5.1 %
Total net sales	\$ 1,385.9	\$ 1,295.5	\$ 90.4	7.0 %	\$ 2,732.8	\$ 2,533.2	\$ 199.6	7.9 %

Transcatheter Aortic Valve Replacement Sales



Net sales of TAVR products increased for the three and six months ended June 30, 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;

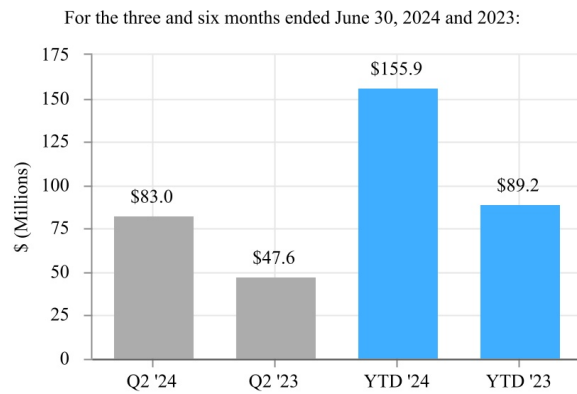
partially offset by:

- foreign currency exchange rate fluctuations, which decreased net sales outside of the United States by \$10.4 million and \$12.5 million for the three and six months ended June 30, 2024, respectively, primarily due to the weakening of the Japanese yen against the United States dollar.

While our global competitive position did not meaningfully change during the first six months of 2024, we experienced lower-than-expected sales growth of TAVR products. This was due to a combination of regional pressure on our competitive position and reduction in procedures with certain hospital centers in the United States related to a variety of factors including, but not limited to, resources and priorities.

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.

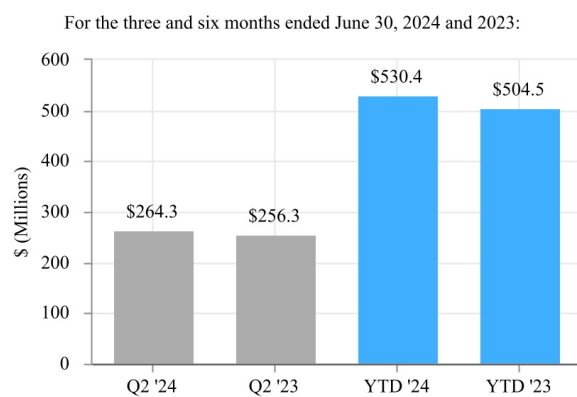
Transcatheter Mitral and Tricuspid Therapies Sales



Net sales of TMTT products increased for the three and six months ended June 30, 2024 primarily due to higher sales of our *PASCAL* transcatheter edge-to-edge repair ("TEER") system and our initial launch of the *EVOQUE* tricuspid valve 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

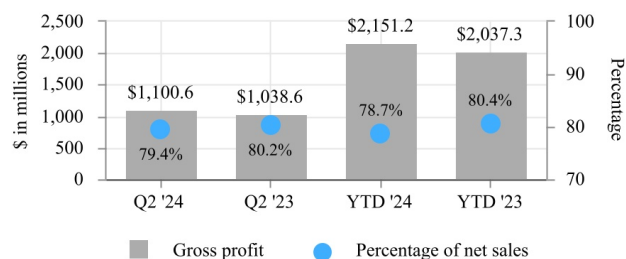


Net sales of Surgical products increased for the three and six months ended June 30, 2024 primarily due to higher sales of the *INSPIRIS RESILIA* aortic valve in the United States and Europe, the *MITRIS RESILIA* valve in the United States and Europe, and the *KONECT RESILIA* tissue valved conduit in the United States.

We have completed enrollment in the United States and Canada of patients in our MOMENTIS clinical study to demonstrate the durability of *RESILIA* tissue in the mitral position.

Gross Profit

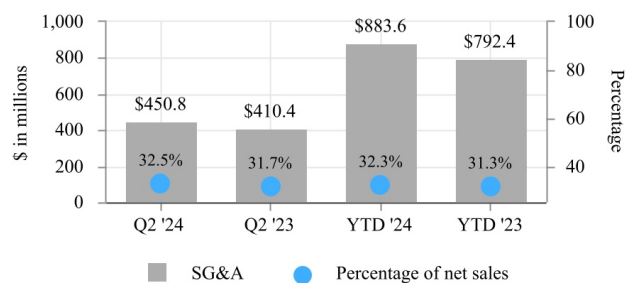
For the three and six months ended June 30, 2024 and 2023:



The decrease in gross profit as a percentage of net sales for the three and six months ended June 30, 2024 was driven by a 0.7 percentage point and 1.4 percentage point negative impact, respectively, from foreign currency rate fluctuations, primarily due to the strengthening of the United States dollar against the Japanese yen, partially offset by the weakening of the United States dollar against the Euro.

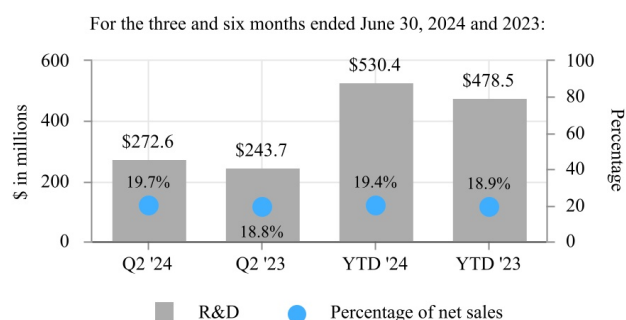
Selling, General, and Administrative ("SG&A") Expenses

For the three and six months ended June 30, 2024 and 2023:



SG&A expenses increased for the three and six months ended June 30, 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 \$4.2 million and \$5.7 million for the three and six months ended June 30, 2024, respectively, primarily due to the strengthening of United States dollar against the Japanese yen.

Research and Development ("R&D") Expenses



R&D expenses increased for the three and six months ended June 30, 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 \$8.1 million and \$8.9 million during the three months ended June 30, 2024 and 2023, respectively, and \$17.0 million and \$15.4 million during the six months ended June 30, 2024 and 2023, respectively. Also, 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 and a \$139.0 million charge in April 2023. For more information, see Note 3 to the *Consolidated Condensed Financial Statements*.

Change in Fair Value of Contingent Consideration Liabilities

The change in fair value of contingent consideration liabilities resulted in a gain of \$26.9 million and \$26.2 million for the three and six months ended June 30, 2023, respectively. The gain in 2023 was due to changes in projected probabilities and timing of milestone achievement and the projected timing of cash inflows. As of June 30, 2023, the probability of milestone achievement was determined to be 0% and, accordingly, the contingent consideration liability was zero. For further information, see Note 7 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 attributable to continuing operations was 5.2% and 7.6% for the three months ended June 30, 2024 and 2023, respectively, and 8.8% and 10.6% for the six months ended June 30, 2024 and 2023, respectively. The decrease in the effective rate between the six months ended June 30, 2024 and 2023 was primarily due to an increase in tax benefits from foreign earnings taxed at lower rates and favorable global income tax audit settlements. In addition, the effective rates for the six months ended June 30, 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 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 taxing 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 APA renewal between Singapore and Japan covering tax years 2020 through 2026 is pending.

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.

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 the 2015 through 2017 period of approximately \$240 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 and interest thereon 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 June 30, 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 proceedings including a formal appeal of the assessment expected to be filed in the third quarter of 2024. If necessary, we will defend that position through 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 June 30, 2024, cash and cash equivalents and short-term investments held in the United States and outside of the United States were \$1.5 billion and \$527.9 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 June 30, 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 June 30, 2024, we have not elected to redeem any of the 2018 Notes. As of June 30, 2024, the carrying value of the 2018 Notes was \$597.3 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 six months ended June 30, 2024, under the Board authorized repurchase program, we repurchased a total of 1.7 million shares at an aggregate cost of \$150.0 million. As of June 30, 2024, we had remaining authority to purchase \$898.5 million of our common stock under the share repurchase program.

In July 2024, we entered into agreements and plans of mergers to acquire multiple medical device companies for a total aggregate cash purchase price of \$1.5 billion, subject to certain adjustments, of which \$115.0 million was paid in July 2024. These agreements include up to an additional \$745.0 million of potential payments upon achievement of certain regulatory, performance, and sales milestones. For more information, see Note 16 to the *Consolidated Condensed Financial Statements*.

In June 2024, we entered into a definitive agreement to sell our Critical Care product group ("Critical Care") to Becton, Dickinson and Company. We expect to complete the sale of Critical Care by the end of the third quarter of 2024 in an all cash-transaction for \$4.2 billion, subject to certain customary adjustments as set forth in the agreement.

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 June 30, 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 six months ended June 30, 2024 and 2023:



Net cash flows provided by **operating activities** of \$318.0 million for the six months ended June 30, 2024 decreased \$29.7 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*), partially offset by a \$300.0 million payment in the six months ended June 30, 2023 under an intellectual property agreement.

Net cash provided by **investing activities** of \$187.9 million for the six months ended June 30, 2024 consisted primarily of net proceeds from investments of \$391.6 million, partially offset by capital expenditures of \$150.7 million.

Net cash provided by investing activities of \$70.7 million for the six months ended June 30, 2023 consisted primarily of net proceeds from investments of \$371.8 million, partially offset by a payment of \$141.2 million to acquire a majority interest in another company and capital expenditures of \$109.4 million.

Net cash used in **financing activities** of \$34.9 million for the six months ended June 30, 2024 consisted primarily of purchases of treasury stock of \$158.3 million, partially offset by proceeds from stock plans of \$116.4 million.

Net cash used in financing activities of \$154.5 million for the six months ended June 30, 2023 consisted primarily of purchases of treasury stock of \$256.8 million, partially offset by proceeds from stock plans of \$102.7 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 June 30, 2024, we had \$575.0 million of investments in debt securities, of which \$229.7 million were long-term. In addition, we had \$123.6 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 June 30, 2024. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer have concluded as of June 30, 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 June 30, 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

Our business and assets are subject to varying degrees of risk and uncertainty that can be affected by a number of factors. An investor should carefully consider the risks described below, as well as those described under the heading "*Risk Factors*" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business. When any of these events or circumstances occurs, our business, financial condition, results of operations, or prospects could be materially harmed. In that case, the value of our securities could decline and an investor could lose part or all of his or her investment. In addition, forward-looking statements within the meaning of the federal securities laws that are contained in this Quarterly Report on Form 10-Q or in our other filings or statements may be subject to the risks described below and in our Annual Report on Form 10-K as well as other risks and uncertainties. Please read the cautionary notice regarding forward-looking statements.

In connection with us no longer pursuing a spin-off of our Critical Care product group, the risk factors titled "Assuming the spin-off is successfully completed, the newly spun-off Critical Care company as a standalone public company may not deliver the returns that we or the shareholders anticipate" and "We may not be able to complete the announced spin-off of our Critical Care product group at all, or within the timeframes we anticipate, or pursuant to the tax-free structure that we anticipate, and we may not realize some or all of the expected benefits of this transaction" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 are no longer deemed material. In addition, the risk factor titled "If we identify underperforming operations or products or if there are unforeseen operating difficulties and expenditures in connection with business acquisitions or strategic alliances, we may be required, from time to time, to recognize charges, which could be substantial and which could adversely affect our results of operations" in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2023 is hereby replaced in its entirety with the risk factor titled "Failure to successfully integrate acquired businesses, technologies or strategic alliances, or challenges related to the execution of acquisitions or divestitures, as well as liabilities or claims relating to such acquired businesses or divestitures, could adversely affect our business and results of operations," as set forth below. Except as set forth herein and below, there have been no other material changes to the Company's risk factors since the Annual Report on Form 10-K for the year ended December 31, 2023.

We may not be able to complete the announced sale of our Critical Care product group in a timely fashion or at all, and we may not realize some or all of the expected benefits of this transaction.

On June 3, 2024, we announced that we had entered into an agreement with Becton, Dickinson and Company ("Purchaser") pursuant to which we agreed to sell our Critical Care product group to the Purchaser with the intention to close by the end of the third quarter of 2024 (the "Transaction") and that we are no longer pursuing the previously announced spin-off of our Critical Care product group. In connection with the Transaction, we and the Purchaser must meet certain closing conditions, which include obtaining required regulatory approvals, among others. A failure to satisfy all closing conditions could result in the Transaction not closing in a timely manner or at all, which may adversely affect our business and the price of our common stock. In addition, the occurrence of an event, change, or other circumstance that could give rise to the termination of the agreement could have a material adverse effect on our business and operations. We have incurred, and we expect to continue to incur, significant costs associated with the Transaction, and the total costs may be significantly higher than projected. The Transaction has required, and we expect that it will continue to require, significant resources from us, including but not limited to management's attention and employee resources. There is no assurance that the closing of the Transaction will occur at all or that we will be able to execute on our strategy or achieve our goals or other expectations after the closing of the Transaction. The Transaction may also have an adverse impact on our operating results and business generally. If we do not close in a timely manner or fail to realize some or all of the anticipated benefits of the Transaction, our business and financial condition may be adversely affected. Additionally, we plan to enter into transition services agreements in connection with the Transaction to provide certain support services, which could divert substantial attention and resources from the operation of our business and have an adverse effect on our business, results of operations, and financial condition.

Failure to successfully integrate acquired businesses, technologies or strategic alliances, or challenges related to the execution of acquisitions or divestitures, as well as liabilities or claims relating to such acquired businesses or divestitures, could adversely affect our business and results of operations.

As part of our strategy we actively manage a portfolio of businesses, technologies, services, and products as well as enter into potential strategic alliances. If we are unable to acquire businesses or technologies or other transactions on a timely basis or at all, we will not be able to execute our strategy and our business and results of operations may be adversely impacted. The integration of acquired businesses and technologies may be costly and may divert significant amounts of resources, including management and employee time and attention, away from the development and commercialization of our other products. Our failure to successfully manage the integration and growth of acquired businesses and technologies and our existing structural heart therapies could have an adverse impact on our business. We may not receive the anticipated benefits of acquisitions despite such expenses and diversion of resources, and acquisitions may not prove to be profitable. Furthermore, we may face unforeseen challenges in executing our strategic plans to expand our products and therapies, which could cause our business and results of operations to suffer.

From time to time, we identify operations and products that are underperforming or that do not fit with our longer-term business strategy, or there may be unforeseen operating difficulties and significant expenditures during the integration of an acquired business, technology, service or product into our existing operations. To the extent that the value of these assets decline, we may be required to write down the value of the assets. We may dispose of these underperforming operations or products or voluntarily cease operations related to a product. In addition, we may be required to record charges or write-downs in connection with acquisitions and divestitures, including charges related to developed technology and/or in-process research and development assets. Any of these events could adversely affect our results of operations.

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

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (in millions) (a) (b)
April 1, 2024 through April 30, 2024	1,396,161	\$ 86.72	1,396,161	\$ 927.4
May 1, 2024 through May 31, 2024	333,496	86.72	333,496	898.5
June 1, 2024 through June 30, 2024	—	—	—	898.5
Total	1,729,657	86.72	1,729,657	

- (a) 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.
- (b) In April 2024, we entered into a \$150.0 million accelerated share repurchase ("ASR") agreement and received, on April 30, 2024, an initial delivery of 1.4 million shares of our common stock, representing approximately 80 percent of the total contract value. The ASR concluded and on May 29, 2024 we received an additional 0.3 million shares. Shares purchased pursuant to the ASR agreement are presented in the table above in the periods in which they were received.

Item 5. Other Information

Rule 10b5-1 Trading Plans

During the second quarter of 2024, any executive officer or director who entered into a 10b5-1 trading plan intended to satisfy the affirmative defense of Rule 10b5-1(c) under the Exchange Act (each, a "Plan") is listed as follows:

On May 1, 2024, Larry Wood, Corporate Vice President and Group President, Transcatheter Aortic Valve Replacement and Surgical Structural Heart, entered into a Plan providing for the potential sale of 25,000 shares of the Company's stock commencing August 1, 2024. Mr. Wood's Plan terminates on the earlier of November 5, 2024 or the date all shares are sold.

In addition, on July 26, 2024, Scott B. Ullem, Corporate Vice President, Chief Financial Officer, terminated a Plan that had provided for the potential sale of 67,500 shares of the Company's stock commencing May 21, 2024. Following the termination date, no remaining shares can be sold pursuant to the Plan.

Amended and Restated Long-Term Stock Incentive Compensation Program

On May 7, 2024, the Company held its 2024 Annual Meeting of Stockholders (the "Annual Meeting"). At the Annual Meeting, the Company's stockholders approved the amendment and restatement of the Company's Long-Term Stock Incentive Compensation Program (the "Long-Term Stock Program"). The amendments approved by stockholders included (1) an increase in the total number of shares of the Company's common stock available for issuance under the Long-Term Stock Program by 6,900,000 shares to a new total share limit of 334,500,000 shares, (2) an increase in the total number of shares of the Company's common stock available for issuance as restricted stock and restricted stock unit awards under the Long-Term Stock Program by 2,000,000 shares to a new limit on the total number of shares available for these types of awards of 35,600,000 shares, and (3) an extension of the term within which new awards may be granted under the Long-Term Stock Program through February 21, 2034.

The foregoing description of the Long-Term Stock Program amendment is qualified in its entirety by the full text of the Long-Term Stock Program, as amended and restated, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

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 Long-Term Stock Incentive Compensation Program, as amended and restated on February 22, 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: July 31, 2024

By: /s/ SCOTT B. ULLEM

Scott B. Ullem

Corporate Vice President, Chief Financial Officer

(Principal Financial Officer; Duly Authorized Officer)

Date: July 31, 2024

By: /s/ ANDREW M. DAHL

Andrew M. Dahl

Senior Vice President, Principal Accounting Officer

(Principal Accounting Officer)

Edwards Lifesciences Corporation
Long-Term Stock Incentive Compensation Program

(as Amended and Restated on February 22, 2024)

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EDWARDS LIFESCIENCES CORPORATION
LONG-TERM STOCK INCENTIVE COMPENSATION PROGRAM
(Amended and Restated as of February 22, 2024)

Article 1. Establishment, Objectives, and Duration

1.1 Establishment of the Program. Edwards Lifesciences Corporation, a Delaware corporation (hereinafter referred to as the "Company"), hereby amends and restates the incentive compensation plan established April 1, 2000 and known as the "Edwards Lifesciences Corporation Long-Term Stock Incentive Compensation Program" (hereinafter, as amended and restated, referred to as the "Program"), as set forth in this document. The Program permits the grant of Nonqualified Stock Options, Incentive Stock Options, Restricted Stock and Restricted Stock Units.

The Program became effective as of April 1, 2000 (the "Effective Date") and shall remain in effect as provided in Section 1.3 hereof.

The Program was amended and restated effective as of July 12, 2000, May 8, 2002, February 20, 2003, February 17, 2005, February 16, 2006, March 6, 2007, February 14, 2008, March 21, 2008, March 20, 2009, February 11, 2010, further amended on March 23, 2010, further amended and restated as of February 10, 2011, May 12, 2011, February 16, 2012, February 21, 2013, February 20, 2014, further amended on November 13, 2014, and further amended and restated as of February 19, 2015, February 25, 2016, February 23, 2017, May 7, 2020, and February 22, 2024.

1.2 Objectives of the Program. The objectives of the Program are to optimize the profitability and growth of the Company through long-term incentives which are consistent with the Company's goals and which link the personal interests of Participants to those of the Company's stockholders; to provide Participants with an incentive for excellence in individual performance; and to promote teamwork among Participants.

The Program is further intended to provide flexibility to the Company in its ability to motivate, attract, and retain the services of Participants who make significant contributions to the Company's success and to allow Participants to share in the success of the Company.

1.3 Duration of the Program. The Program shall commence on the Effective Date, as described in Section 1.1 hereof, and shall remain in effect, subject to the right of the Board to amend or terminate the Program at any time pursuant to Article 13 hereof, until all Shares subject to it shall have been purchased or acquired according to the Program's provisions. However, in no event may an Award be granted under the Program on or after February 21, 2034.

Article 2. Definitions

Whenever used in the Program, the following terms shall have the meanings set forth below, and when the meaning is intended, the initial letter of the word shall be capitalized:

2.1 "Award" means, individually or collectively, a grant under this Program of Nonqualified Stock Options, Incentive Stock Options, Restricted Stock or Restricted Stock Units.

2.2 "Award Agreement" means an agreement entered into by the Company and each Participant setting forth the terms and provisions applicable to Awards granted under this Program.

2.3 "Board" or "Board of Directors" means the Board of Directors of the Company.

2.4 "Change in Control" of the Company shall mean the occurrence of any one of the following events:

- (a) Any "Person", as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than the Company, any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company, and any trustee or other fiduciary holding securities under an employee benefit plan of the Company or such proportionately owned corporation), is or becomes the "beneficial owner" (as defined in

Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing thirty percent (30%) or more of the combined voting power of the Company's then outstanding securities; or

- (b) During any period of not more than twenty-four (24) months, individuals who at the beginning of such period constitute the Board of Directors of the Company, and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in Sections 2.4(a), 2.4(c), or 2.4(d) of this Section 2.4) whose election by the Board or nomination for election by the Company's stockholders was approved by a vote of at least two-thirds ($\frac{2}{3}$) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute at least a majority thereof; or
- (c) The consummation of a merger or consolidation of the Company with any other entity, other than: (i) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) more than sixty percent (60%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation; or (ii) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no Person acquires more than thirty percent (30%) of the combined voting power of the Company's then outstanding securities; or
- (d) The Company's stockholders approve a plan of complete liquidation or dissolution of the Company, or an agreement for the sale or disposition by the Company of all or substantially all of the Company's assets (or any transaction having a similar effect).

2.5 "Code" means the Internal Revenue Code of 1986, as amended from time to time.

2.6 "Committee" means the Compensation and Governance Committee or any other committee appointed by the Board to administer Awards to Participants, as specified in Article 3 herein.

2.7 "Company" means Edwards Lifesciences Corporation, a Delaware corporation, and any successor thereto as provided in Article 16 herein.

2.8 "Contractor" means an individual providing services to the Company or a Subsidiary who is not an Employee or member of the Board, as well as an individual who is a member of the board of directors of a Subsidiary and who is not an Employee or member of the Board, and who does not participate in the Edwards Lifesciences Corporation Nonemployee Directors and Consultants Stock Incentive Program.

2.9 "Disability" shall have the meaning ascribed to such term in the Participant's governing long-term disability plan, or if no such plan exists, at the discretion of the Board.

2.10 "Effective Date" shall have the meaning ascribed to such term in Section 1.1 hereof.

2.11 "Employee" means any employee of the Company or of a Subsidiary of the Company. Directors who are employed by the Company or by a Subsidiary shall be considered Employees under this Program.

2.12 "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor act thereto.

2.13 "Fair Market Value" means, the closing price of a share of Common Stock as reported on the New York Stock Exchange on the date as of which such value is being determined or, if there shall be no reported transactions for such date, on the next preceding date for which transactions were reported.

2.14 "Incentive Stock Option" or "ISO" means an option to purchase Shares granted under Article 6 herein and which is designated as an Incentive Stock Option and which is intended to meet the requirements of Code Section 422.

2.15 "Insider" shall mean an individual who is, on the relevant date, an officer of the Company, director of the Company, or beneficial owner of more than ten percent (10%) of any class of the Company's equity securities that is registered pursuant to Section 12 of the Exchange Act, all as defined under Section 16 of the Exchange Act.

2.16 "Nonqualified Stock Option" or "NQSO" means an option to purchase Shares granted under Article 6 herein and which is not intended to meet the requirements of Code Section 422.

2.17 "Option" means an Incentive Stock Option or a Nonqualified Stock Option, as described in Article 6 herein.

2.18 "Option Price" means the price at which a Share may be purchased by a Participant pursuant to an Option.

2.19 "Participant" means an Employee or Contractor who has been selected to receive an Award or who has outstanding an Award granted under the Program.

2.20 "Period of Restriction" means the period during which the transfer of Shares of Restricted Stock is limited in some way (based on the passage of time, the achievement of performance goals, or upon the occurrence of other events as determined by the Committee, in its discretion), and the Shares are subject to a substantial risk of forfeiture, as provided in Article 7 herein.

2.21 "Restricted Stock" means an Award granted to a Participant pursuant to Article 7 herein.

2.22 "Restricted Stock Units" means an Award granted to a Participant pursuant to Article 8 herein.

2.23 "Retirement" means, unless otherwise defined in the applicable Award Agreement, any termination of an Employee's employment or a Contractor's service after age fifty-five (55) other than due to death, Disability or Cause, provided that such Employee or Contractor has at least a combined ten (10) years of service with the Company and Baxter International Inc. A Participant's number of years of service with the Company and Baxter International Inc. shall be determined by calculating the number of complete twelve-month (12) periods of employment from the Participant's original date of hire as an Employee or Contractor with the Company or Baxter International Inc. to the Participant's date of employment or service termination. Employment or service with Baxter International Inc. shall be included for purposes of determining qualification for Retirement only to the extent that such employment or service immediately, and without any break, precedes employment or service with the Company. For purposes of this definition, unless defined otherwise in the applicable Award Agreement, **"Cause"** means: (a) a Participant's willful and continued failure to substantially perform his duties with the Company or a Subsidiary (other than any such failure resulting from Disability); (b) a Participant's willfully engaging in conduct that is demonstrably and materially injurious to the Company or a Subsidiary, monetarily or otherwise; or (c) a Participant's having been convicted of a felony. For the purpose of determining "Cause," no act, or failure to act, on a Participant's part shall be deemed "willful" unless done, or omitted to be done, by the Participant not in good faith and without reasonable belief that the action or omission was in the best interests of the Company or a Subsidiary.

2.24 "Shares" means the shares of common stock of the Company.

2.25 "Subsidiary" means any business, whether or not incorporated, in which the Company beneficially owns, directly or indirectly through another entity or entities, securities or interests representing more than fifty percent (50%) of the combined voting power of the voting securities or voting interests of such business.

Article 3. Administration

3.1 General. The Program shall be administered by the Compensation and Governance Committee of the Board, or by any other Committee appointed by the Board, which shall consist of two (2) or more nonemployee directors within the meaning of the rules promulgated by the Securities and Exchange Commission under Section 16 of the Exchange Act, in the judgement of and except as otherwise determined by the Board. Any Committee administering the Program shall be comprised entirely of directors. The members of the Committee shall be appointed from time to time by, and shall serve at the sole discretion of, the Board.

The Committee shall have the authority to delegate administrative duties to officers, Employees, or directors of the Company; provided, however, that the Committee shall not be able to delegate its authority with respect to granting Awards to Insiders.

3.2 Authority of the Committee. Except as limited by law or by the Certificate of Incorporation or Bylaws of the Company, and subject to the provisions of the Program, the Committee shall have the authority to: (a) interpret the provisions of the Program, and prescribe, amend, and rescind rules and procedures relating to the Program; (b) grant Awards under the Program, in such forms and amounts and subject to such terms and conditions as it deems appropriate, including, without limitation, Awards which are made in combination with or in tandem with other Awards (whether or not contemporaneously granted) or compensation or in lieu of current or deferred compensation; (c) subject to Article 13, modify the terms of, cancel and reissue, or repurchase outstanding Awards; (d) prescribe the form of agreement, certificate, or other instrument evidencing any Award under the Program; (e) correct any defect or omission and reconcile any inconsistency in the Program or in any Award hereunder; (f) design Awards to satisfy requirements to make such Awards tax-advantaged to Participants in any jurisdiction or for any other reason that the Company desires; and (g) make all other determinations and take all other actions as it deems necessary or desirable for the administration of the Program; provided, however, that no outstanding Option will be (i) amended to lower the exercise price, (ii) canceled, exchanged or surrendered in exchange for cash or other awards for the purpose of repricing the Option, or (iii) canceled, exchanged or surrendered for the purpose of reissuing such Option to a Participant at a lower exercise price (other than, in each case, pursuant to Section 5.4) without the approval of the Company's stockholders. The determination of the Committee on matters within its authority shall be conclusive and binding on the Company and all other persons. The Committee shall comply with all applicable laws in administering the Plan. As permitted by law (and subject to Section 3.1 herein), the Committee may delegate its authority as identified herein.

3.3 Decisions Binding. All determinations and decisions made by the Committee pursuant to the provisions of the Program and all related orders and resolutions of the Board shall be final, conclusive, and binding on all persons, including the Company, its stockholders, directors, Employees, Contractors, Participants, and their estates and beneficiaries.

Article 4. Eligibility and Participation

4.1 Eligibility. Persons eligible to participate in this Program shall include all Employees and Contractors. Members of the Board who are not Employees of the Company shall not be eligible to participate in the Program.

4.2 Actual Participation. Subject to the provisions of the Program, the Committee may, from time to time, select from all eligible Employees and Contractors those to whom Awards shall be granted and shall determine the nature and amount of each Award.

Article 5. Shares Subject to the Program and Maximum Awards; Minimum Vesting

5.1 Number of Shares Available for Grants. Subject to adjustment as provided in Section 5.4 herein, the number of Shares hereby reserved for delivery to Participants under the Program shall be three hundred thirty-four million five hundred thousand (334,500,000) Shares. The maximum number of Shares that may be delivered pursuant to Options qualified as ISOs granted under the Program is three hundred thirty-four million five hundred thousand (334,500,000) Shares. No more than thirty-five million six hundred thousand (35,600,000) Shares reserved for issuance under the Program may be granted in the form of Shares of Restricted Stock or Restricted Stock Units.

5.2 Type of Shares. Shares issued under the Program in connection with Stock Options or Restricted Stock Units may be authorized and unissued Shares or issued Shares held as treasury Shares. Shares issued under the Program in connection with Restricted Stock shall be issued Shares held as treasury Shares; provided, however, that authorized and unissued Shares may be issued in connection with Restricted Stock to the extent that the Committee determines that past services of the Participant constitute adequate consideration for at least the par value thereof.

5.3 Reuse of Shares.

- (a) **General.** In the event of the expiration or termination (by reason of forfeiture, expiration, cancellation, surrender, failure to vest or otherwise) of any Award under the Program, that number of Shares that was subject to the Award but not delivered shall again be available for subsequent Awards under the Program.
- (b) **Restricted Stock and Restricted Stock Units.** In the event that Shares are delivered under the Program as Restricted Stock and are thereafter forfeited or reacquired by the Company pursuant to rights reserved upon the grant thereof, such forfeited or reacquired Shares shall again be available for subsequent Awards under the Program.
- (c) **Limitations.** Notwithstanding the provisions of Sections 5.3(a) above, the following Shares shall not be available for reissuance under the Program: (i) Shares which are exchanged by a Participant or withheld by the Company or one of its Subsidiaries to satisfy the tax withholding obligations related to any Option; and (ii) Shares which are exchanged by a Participant or withheld by the Company as full or partial payment of the Option Price upon the exercise of an Option. Shares that are exchanged by a Participant or withheld by the Company as full or partial payment in connection with any Award under the Program that is a Restricted Stock or Restricted Stock Unit Award granted under the Program, as well as any Shares exchanged by a Participant or withheld by the Company or one of its Subsidiaries to satisfy the tax withholding obligations related to any Restricted Stock or Restricted Stock Unit Award granted under the Program, shall be available for subsequent Awards under the Program.

5.4 Adjustments in Authorized Shares. In the event of any change in corporate capitalization, such as a stock split, or a corporate transaction, such as any merger, consolidation, separation, including a spin-off, or other distribution of stock or property of the Company, any reorganization (whether or not such reorganization comes within the definition of such term in Code Section 368), or any partial or complete liquidation of the Company, such adjustment shall be made in the number and class of Shares which may be delivered under Section 5.1, in the number and class of and/or price of Shares subject to outstanding Awards granted under the Program, and in the Award limits set forth in Section 5.1, as shall be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; provided, however, that the number of Shares subject to any Award shall always be a whole number. In a stock-for-stock acquisition of the Company, the Committee may, in its sole discretion, substitute securities of another issuer for any Shares subject to outstanding Awards.

5.5 International Awards. One or more Awards may be granted to Participants who provide services to the Company or a Subsidiary outside of the United States. Any Awards granted to such persons may be granted pursuant to the terms and conditions of any applicable sub-plans, if any, approved by the Committee.

5.6 Minimum Vesting Requirements. Except for any accelerated vesting required or permitted pursuant to Article 12 and except as otherwise provided in this Section 5.6, and subject to such additional vesting requirements or conditions as the Committee may establish with respect to the Award, each Award granted under the Program shall be subject to the minimum vesting requirements set forth in the applicable sections of the Program; provided that the Committee may accelerate or provide in the applicable Award Agreement for the accelerated vesting of any Award in connection with a Change in Control, the termination of the Participant's employment with the Company or service to the Company as a Contractor (including a termination due to the Participant's death, Disability or Retirement, but not including a termination for cause), or as consideration or partial consideration for a release by the Participant of pending or threatened claims against the Company or a Subsidiary or any of their respective officers, directors or other affiliates (regardless of whether the release is

given in connection with a termination of employment or service for cause or other circumstances). The Committee may, however, accelerate or provide in the applicable Award Agreement for the accelerated vesting of any Award in circumstances not contemplated by the preceding sentence, and/or provide for a vesting schedule that is shorter than the minimum schedule set forth in the applicable sections of the Program (or provide for an Award to be fully vested at grant notwithstanding the other vesting rules of the Program), in such circumstances as the Committee may deem appropriate; provided, however, that the Shares subject to the portion of any such Awards that vest earlier than the minimum vesting dates that would be applicable pursuant to the minimum vesting requirements of the applicable sections of the Program (or, as to any accelerated vesting, provides for accelerated vesting other than in the circumstances contemplated by the preceding sentence) shall not, in the aggregate, exceed ten percent (10%) of the total number of Shares available for award grant purposes under the Program. For purposes of clarity, vesting may occur in one or more installments ratably over any applicable minimum vesting period set forth in other sections of the Program.

Article 6. Stock Options

6.1 Grant of Options. Subject to the terms and provisions of the Program, Options may be granted to Participants in such number, and upon such terms, and at any time and from time to time as shall be determined by the Committee.

6.2 Award Agreement. Each Option grant shall be evidenced by an Award Agreement that shall specify the Option Price, the duration of the Option, the number of Shares to which the Option pertains, and such other provisions as the Committee shall determine. The Award Agreement also shall specify whether the Option is intended to be an ISO or an NQSO.

6.3 Option Price. The Option Price for each grant of an Option under this Program shall be at least equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

6.4 Duration of Options. Each Option granted to a Participant shall expire at such time, not later than the seventh (7th) anniversary date of its grant, as the Committee shall determine.

6.5 Exercise of Options. Options granted under this Article 6 shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant; provided, however, that, subject to Section 5.6 herein, each Option shall become exercisable over a minimum period of three (3) years measured from the date of grant of the option.

6.6 Payment. Options granted under this Article 6 shall be exercised by the delivery of a written notice (or such other form of notice as the Company may specify) of exercise to the Company, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment for the Shares (or a satisfactory "cashless exercise" notice).

The Option Price upon exercise of any Option shall be payable to the Company in full either: (a) in cash or its equivalent; (b) by tendering previously acquired Shares (by either actual delivery or attestation) having an aggregate Fair Market Value at the time of exercise equal to the total Option Price; (c) by a cashless exercise, as permitted under Federal Reserve Board's Regulation T, subject to applicable securities law restrictions and such procedures and limitations as the Company may specify from time to time; (d) by any other means which the Committee determines to be consistent with the Program's purpose and applicable law; or (e) by a combination of two or more of (a) through (d).

Subject to any governing rules or regulations, including cashless exercise procedures, as soon as practicable after receipt of a notification of exercise and full payment (or a satisfactory "cashless exercise" notice), the Company shall cause to be issued and delivered to the Participant, in certificate form or otherwise, evidence of the Shares purchased under the Option(s).

6.7 Restrictions on Share Transferability. The Committee may impose such restrictions on any Shares acquired pursuant to the exercise of an Option granted under this Article 6 as it may deem advisable, including, without limitation, restrictions under applicable federal securities laws, under the requirements of any

stock exchange or market upon which such Shares are then listed and/or traded, and under any blue sky or state securities laws applicable to such Shares.

6.8 Termination of Employment or Service. Each Participant's Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's employment with the Company or service to the Company as a Contractor. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Options issued pursuant to this Article 6, and may reflect distinctions based on the reasons for termination.

6.9 Nontransferability of Options.

- (a) **Incentive Stock Options.** No ISO granted under the Program may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, all ISOs granted to a Participant under the Program shall be exercisable during his or her lifetime only by such Participant.
- (b) **Nonqualified Stock Options.** Except as otherwise provided in a Participant's Award Agreement, no NQSO granted under this Article 6 may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. Further, except as otherwise provided in a Participant's Award Agreement, all NQSOs granted to a Participant under this Article 6 shall be exercisable during his or her lifetime only by such Participant.

6.10 Substitution of Cash. Unless otherwise provided in a Participant's Award Agreement, and notwithstanding any provision in the Program to the contrary (including but not limited to Section 14.2), in the event of a Change in Control in which the Company's stockholders holding Shares receive consideration other than shares of common stock that are registered under Section 12 of the Exchange Act, the Committee shall have the authority to require that any outstanding Option be surrendered to the Company by a Participant for cancellation by the Company, with the Participant receiving in exchange a cash payment from the Company within ten (10) days of the Change in Control. Such cash payment shall be equal to the number of Shares under Option, multiplied by the excess, if any the Fair Market Value of a Share on the date the Change in Control occurs, over the Option Price.

6.11 Additional Rules Applicable to Incentive Stock Options. There shall be imposed in any Award Agreement relating to ISOs such other terms and conditions as from time to time are required in order that the Option be an "incentive stock option" as that term is defined in Code Section 422. No ISO may be granted to any person who, at the time the Option is granted, owns (or is deemed to own under Code Section 424(d)) outstanding Shares possessing more than 10% of the total combined voting power of all classes of stock of the Company, unless the exercise price of such Option is at least 110% of the Fair Market Value of the stock subject to the Option and such Option by its terms is not exercisable after the expiration of five years from the date such Option is granted.

Article 7. Restricted Stock

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Program, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to Participants in such amounts as the Committee shall determine.

7.2 Restricted Stock Agreement. Each Restricted Stock grant shall be evidenced by a Restricted Stock Award Agreement that shall specify the Period(s) of Restriction, the number of Shares of Restricted Stock granted, and such other provisions as the Committee shall determine. Subject to Section 5.6 herein, the Period of Restriction shall be a minimum of three (3) years measured from the grant date of the Restricted Stock

7.3 Restriction on Transferability. Except as provided in this Article 7, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Period of Restriction established by the Committee and specified in the Restricted Stock Award Agreement, or upon earlier satisfaction of any other conditions, as specified by the Committee in its sole

discretion and set forth in the Restricted Stock Award Agreement. All rights with respect to the Restricted Stock granted to a Participant under the Program shall be available during his or her lifetime only to such Participant.

7.4 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Program as it may deem advisable including, without limitation, any or all of the following:

- (a) A required period of employment or service as a Contractor with the Company, as determined by the Committee, prior to the vesting of Shares of Restricted Stock.
- (b) A requirement that Participants forfeit (or in the case of Shares sold to a Participant, resell to the Company at his or her cost) all or a part of Shares of Restricted Stock in the event of termination of his or her employment or service as a Contractor during the Period of Restriction.
- (c) A prohibition against employment of Participants holding Shares of Restricted Stock by any competitor of the Company, against such Participants' dissemination of any secret or confidential information belonging to the Company, or the solicitation by Participants of the Company's employees for employment by another entity.

Shares of Restricted Stock awarded pursuant to the Program shall be registered in the name of the Participant and, if such Shares are certificated, in the sole discretion of the Committee, may be deposited in a bank designated by the Committee or with the Company. The Committee may require a stock power endorsed in blank with respect to Shares of Restricted Stock whether or not certificated.

Except as otherwise provided in this Article 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Program shall become freely transferable (subject to any restrictions under any applicable securities law) by the Participant after the last day of the applicable Period of Restriction.

7.5 Voting Rights. Unless the Committee determines otherwise, Participants holding Shares of Restricted Stock issued hereunder shall be entitled to exercise full voting rights with respect to those Shares during the Period of Restriction.

7.6 Dividends and Other Distributions. Unless the Committee determines otherwise, during the Period of Restriction, Participants holding Shares of Restricted Stock issued hereunder shall be entitled to regular cash dividends paid with respect to such Shares. The Committee may apply any restrictions to the dividends that the Committee deems appropriate.

7.7 Termination of Employment or Service. Each Restricted Stock Award Agreement shall set forth the extent to which the Participant shall have the right to vest in previously unvested Shares of Restricted Stock following termination of the Participant's employment with the Company or service to the Company as a Contractor. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Shares of Restricted Stock issued pursuant to the Program, and may reflect distinctions based on the reasons for termination.

Article 8. Restricted Stock Units

8.1. Restricted Stock Units Awards. Subject to the terms and conditions of the Program, the Committee, at any time and from time to time, may issue Restricted Stock Units which entitle the Participant to receive the Shares underlying those units following the lapse of specified restrictions (whether based on the achievement of designated performance goals or the satisfaction of specified services or upon the expiration of a designated time period following the vesting of the units).

8.2. Restricted Stock Units Award Agreement. Each Restricted Stock Units award shall be evidenced by a Restricted Stock Units Award Agreement that shall specify the vesting restrictions, the number of Shares subject to the Restricted Stock Units award, and such other provisions as the Committee shall determine. Subject to Section 5.6 herein, Restricted Stock Units shall vest over a minimum period of three (3) years measured from the grant date of the award.

8.3. Restrictions. The Committee shall impose such other conditions and/or restrictions on the issuance of any Shares under the Restricted Stock Units granted pursuant to the Program as it may deem advisable including, without limitation, any or all of the following:

- (a) A required period of service with the Company, as determined by the Committee, prior to the issuance of Shares under the Restricted Stock Units award.
- (b) A requirement that the Restricted Stock Units award be forfeited in whole or in part in the event of termination of the Participant's employment or service as a Contractor during the vesting period.
- (c) A prohibition against employment of Participants holding Restricted Stock Units by any competitor of the Company, against such Participants' dissemination of any secret or confidential information belonging to the Company, or the solicitation by Participants of the Company's employees for employment by another entity.

Except as otherwise provided in this Article 8, Shares subject to Restricted Stock Units under the Program shall be freely transferable (subject to any restrictions under applicable securities law) by the Participant after receipt of such shares.

8.4. Stockholder Rights. Participants holding Restricted Stock Units issued hereunder shall not have any rights with respect to Shares subject to the award until the award vests and the Shares are issued hereunder. However, dividend-equivalent units may be paid or credited, either in cash or in actual or phantom Shares, on outstanding Restricted Stock Units awards, subject to such terms and conditions as the Committee may deem appropriate.

8.5. Termination of Employment or Service. Each Restricted Stock Units Award Agreement shall set forth the extent to which the Participant shall have the right to vest in previously unvested Shares subject to the Restricted Stock Units award following termination of the Participant's employment with the Company or service to the Company as a Contractor. Such provisions shall be determined in the sole discretion of the Committee, shall be included in the Award Agreement entered into with each Participant, need not be uniform among all Restricted Stock Unit awards issued pursuant to the Program, and may reflect distinctions based on the reasons for termination.

Article 9. Beneficiary Designation

Each Participant under the Program may, from time to time and to the extent (if any) provided by the Company, name any beneficiary or beneficiaries (who may be named contingently or successively) to whom any benefit under the Program is to be paid in case of his or her death before he or she receives any or all of such benefit. Each such designation shall revoke all prior designations by the same Participant, shall be in a form prescribed by the Company, and will be effective only when filed by the Participant in writing with the Company during the Participant's lifetime. In the absence of any such designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate.

Article 10. Deferrals

The Committee may permit or require a Participant to defer such Participant's receipt of the payment of cash or the delivery of Shares that would otherwise be due to such Participant by virtue of the exercise of an Option or the lapse or waiver of restrictions with respect to Restricted Stock or Restricted Stock Units. If any such deferral election is required or permitted, the Committee shall, in its sole discretion, establish rules and procedures for such payment deferrals which shall be consistent with the requirements of Code Section 409A and the Treasury regulations and rulings promulgated thereunder.

Article 11. Rights of Employees and Contractors

11.1 Employment. Nothing in the Program or any Award Agreement shall interfere with or limit in any way the right of the Company or a Subsidiary to terminate at any time any Participant's employment or service to

the Company or a Subsidiary as a Contractor, nor confer upon any Participant any right to continue in the employ of the Company or a Subsidiary or to provide services to the Company or a Subsidiary as a Contractor.

11.2 Participation. No Employee or Contractor shall have the right to be selected to receive an Award under this Program, or, having been so selected, to be selected to receive a future Award.

Article 12. Change in Control

The Board or the Committee may provide in connection with any Change in Control that upon (or, as may be necessary to give effect to the assumption or acceleration and termination, as the case may be, immediately prior to) the occurrence of a Change in Control as to any Award then outstanding that (1) such Award will be assumed by a successor or surviving entity, or a parent thereof, with appropriate adjustments to the Award pursuant to Section 5.4, or (2) such Award will terminate (and not be assumed by a successor or surviving entity, or a parent thereof). In the event an Award is to be so assumed in connection to a Change in Control, then the provisions of the Award Agreement for such Award will apply. In the event an Award is to be so terminated in connection with a Change in Control then, unless otherwise specifically prohibited under applicable laws or by the rules and regulations of any governing governmental agencies or national securities exchanges and before giving effect to such termination:

- (a) If the Award is an Option that is not subject to performance-based vesting conditions, it shall become immediately exercisable;
- (b) If the Award is Restricted Stock or Restricted Stock Units that are not subject to performance-based vesting conditions, any vesting restrictions imposed on the Award and underlying Shares shall lapse and Restricted Stock Units shall become payable;
- (c) Unless otherwise provided in the applicable Award Agreement, if the Award is subject to performance-based vesting conditions, the Award will vest and become exercisable or payable (as the case may be) on a pro rata basis based upon the target number of shares subject to the Award and upon the length of time within the applicable performance period(s) which has elapsed prior to the Change in Control.

The Board or the Committee may supplement or expressly supersede the provisions of this Article 12 as to an Award in the applicable Award Agreement.

Article 13. Amendment, Modification, and Termination

13.1 Amendment, Modification, and Termination. Subject to the terms of the Program, including Section 14.2, the Board may at any time and from time to time, alter, amend, suspend or terminate the Program in whole or in part. However, stockholder approval shall be required for any amendment only to the extent required by applicable law.

13.2 Awards Previously Granted. Notwithstanding any provision of the Program or of any Award Agreement to the contrary (but subject to Section 6.10 hereof), no termination, amendment, or modification of the Program or amendment of an Award previously granted under the Program shall adversely affect in any material way any Award previously granted under the Program, without the express consent of the Participant holding such Award.

Article 14. Compliance with Applicable Law and Withholding

14.1 General. Notwithstanding anything to the contrary in the Program or any Award Agreement, the following shall apply:

- (a) The Company shall have no obligation to issue any Shares under the Program if such issuance would violate any applicable law or any applicable regulation or requirement of any securities exchange or similar entity.

- (b) Prior to the issuance of any Shares under the Program, the Company may require a written statement that the recipient is acquiring the Shares for investment and not for the purpose or with the intention of distributing the Shares and that the recipient will not dispose of them in violation of the registration requirements of the Securities Act of 1933.
- (c) With respect to any person who is subject to Section 16(a) of the Exchange Act, the Committee may, at any time, add such conditions and limitations to any incentive or payment under the Program or implement procedures for the administration of the Program which it deems necessary or desirable to comply with the requirements of Rule 16b-3 of the Exchange Act.
- (d) If, at any time, the Company determines that the listing, registration, or qualification (or any updating of any such document) of any Award, or the Shares issuable pursuant thereto, is necessary on any securities exchange or under any federal or state securities or blue sky law, or that the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, any Award, the issuance of Shares pursuant to any Award, or the removal of any restrictions imposed on Shares subject to an Award, such Award shall not be granted and the Shares shall not be issued or such restrictions shall not be removed, as the case may be, in whole or in part, unless such listing, registration, qualification, consent, or approval shall have been effected or obtained free of any conditions not acceptable to the Company or the Committee otherwise provides.

14.2 Securities Law Compliance. With respect to Insiders, transactions under this Program are intended to comply with all applicable conditions of Rule 16b-3 or its successors under the 1934 Act.

14.3 Tax Withholding. The Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy federal, state, and local taxes, domestic or foreign, required by law or regulation to be withheld with respect to any taxable event arising as a result of this Program.

14.4 Share Withholding. Awards payable in Shares may provide that with respect to withholding required upon any taxable event arising thereunder, Participants may elect to satisfy the withholding requirement, in whole or in part, by having the Company withhold Shares to satisfy their withholding tax obligations; provided that, unless otherwise provided by the Committee, Participants may only elect to have Shares withheld having a Fair Market Value on the date the tax is to be determined equal to or less than the minimum withholding tax which could be imposed on the transaction. Unless otherwise provided by the Committee, all elections shall be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations, including prior Committee approval, that the Committee, in its sole discretion, deems appropriate.

Article 15. Indemnification

Each person who is or shall have been a member of the Committee, or of the Board, shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action taken or failure to act under the Program and against and from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Articles of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

Article 16. Successors

All obligations of the Company under the Program with respect to Awards granted hereunder shall, to the extent legally permissible, be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 17. Legal Construction

17.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

17.2 Severability. In the event any provision of the Program shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Program, and the Program shall be construed and enforced as if the illegal or invalid provision had not been included.

17.3 Governing Law. To the extent not preempted by federal law, the Program, and all Award or other agreements hereunder, shall be construed in accordance with and governed by the laws of the state of Delaware without giving effect to principles of conflicts of laws.

Article 18. Recoupment Policy

The Awards granted under the Program are subject to the terms of the Company's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable law, any of which could in certain circumstances require repayment or forfeiture of Awards or any Shares or other cash or property received with respect to the Awards (including any value received from a disposition of the Shares acquired upon payment of the Awards).

**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: July 31, 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: July 31, 2024

By: /s/ SCOTT B. ULLEM

Scott B. Ullem

Corporate Vice President, 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 June 30, 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.

July 31, 2024

/s/ BERNARD J. ZOVIGHIAN

Bernard J. Zovighian
Chief Executive Officer

July 31, 2024

/s/ SCOTT B. ULLEM

Scott B. Ullem
Corporate Vice President, Chief Financial Officer