



Michael A. Mussallem
Chairman & Chief Executive Officer

To Our Stockholders

When we established Edwards Lifesciences as an independent company in 2000, we set high goals. We aspired to be a company recognized for: transforming patient care through innovative technologies; excelling as a trusted partner and global leader through the quality of our work; attracting and engaging talented employees; strengthening our communities; and creating exceptional stockholder value.

Each day we work to meet and exceed these aspirations by partnering with clinicians, patients and the communities where we live and work. Together, we strive to make a positive impact and find innovative solutions in the fight against advanced cardiovascular disease.

Strengthening our Foundation for Future Growth

We are proud of what we achieved in 2007. We made significant progress in our innovative transcatheter heart valve program, including commencing enrollment in the PARTNER pivotal trial in the U.S., receiving CE Mark for the Edwards SAPIEN transcatheter heart valve with two delivery systems, and initiating commercial sales of this device in Europe in the fourth quarter. We also substantially increased our investment in our transcatheter business to further enhance the long-term value of this transformational technology.

During the year, we sharpened the company's strategic focus on opportunities that provide greater growth potential and aggressively prioritized our investments.

We acquired the CardioVations product line, which complements our increased focus on minimally invasive valve procedures, sold our LifeStent and TMR product lines, and exited a distributed products business in Japan. In addition, we made investments to strengthen the company's quality and information systems for future growth.

We finished 2007 with strong momentum, achieving 10 percent reported sales growth in the fourth quarter. As a company, we are financially stronger than we have ever been in our history, and we are well positioned to capitalize on the opportunities in front of us.

This year was not without challenges, especially as we made the difficult but necessary decision to lower 2007 earnings in order to increase our near-term investments in our most attractive growth opportunities. The largest increase in investment spending supported an accelerated launch of the Edwards SAPIEN transcatheter heart valve in Europe, which received market approval in the fourth quarter.

Even though 2007 was challenging, we achieved net sales of \$1.09 billion, increased our gross profit margin 130 basis points

to 65.3 percent, and generated free cash flow of \$153 million. In addition, we demonstrated confidence in our future by repurchasing a total of 2.7 million shares of stock for \$131 million.

Our market-leading Heart Valve Therapy franchise reported modest growth for the year on a global basis. In international markets, our sales performance increased double-digits as we continued to realize share gains driven by new product introductions. In the U.S., the impact of a competitor's recently introduced product resulted in a flat heart valve growth rate. We are focused on improving our performance in the U.S. in 2008 by introducing new products, promoting minimally invasive valve procedures, and leveraging our recently expanded sales organization.

Our Critical Care franchise had a very strong year, with reported growth of nearly 14 percent. This was the third consecutive year of accelerating sales and improvement in gross profit margin. In addition, we are pleased to have exceeded our goal of doubling FloTrac sensor sales for the year.

Working Together to Innovate

Throughout Edwards' history, we have proudly partnered with key researchers and physicians to develop our life-saving products, beginning with the collaboration between Miles "Lowell"

Edwards and Albert Starr, M.D., in 1958 to invent the first successful artificial heart valve. In 2007, we celebrated along with the scientific community as two of our trusted partners were recognized for their work in the development of prosthetic heart valves. Dr. Starr and Prof. Alain Carpentier, M.D., Ph.D., were honored by the Albert and Mary Lasker Foundation with the 2007 Albert Lasker Award for Clinical Medical Research for the development of mechanical and tissue valves, respectively. The awards, often called “America’s Nobels,” are this country’s most distinguished honor for outstanding contributions to basic and clinical medical research, as well as for outstanding public service on behalf of medical research. Edwards has built its leadership position in the heart valve market through close collaboration with leading clinicians, and we are very proud of their accomplishments.

Edwards’ history of leadership in the treatment of advanced cardiovascular disease continues today, with more than 85 percent of our sales coming from products that are in number one positions in the global market. During the last several years, we have pioneered the development

of transcatheter heart valve technology and believe we have built a substantial lead in this exciting field.

Expanding upon our tissue valve platform, in 2007 we introduced the Carpentier-Edwards PERIMOUNT Theon aortic pericardial valve in the U.S. This valve combines the Carpentier-Edwards ThermaFix tissue process with enhancements based on more than 20 years of clinical experience and design features.

We also introduced the Myxo ETlogix annuloplasty ring in the U.S. This newest addition to Edwards’ comprehensive valve repair line is designed to treat patients with myxomatous disease, a degenerative condition resulting in excess mitral valve leaflet tissue.

The introduction of our PediaSat oximetry catheter represented the first real-time, continuous venous blood oxygen saturation monitoring device designed specifically for children. This advanced technology—previously only available for adults—is even more important for children since they typically do not demonstrate the same warning signs of potentially fatal issues and can destabilize much faster than adults.

To better prepare surgeons for future technological innovations, early in the year we launched Edwards ONE, a cardiovascular education program that provides cardiac surgeons with exposure to innovative heart valve technologies, basic transcatheter heart valve training and education about the underserved heart valve patient population.

We are continuing to enroll patients in our PARTNER trial and adding sites as they complete training. More recently, we received approval to add our Ascendra transapical delivery system to PARTNER. Having the Ascendra delivery system in the trial gives cardiac surgeons an opportunity to actively participate in this transformational technology, and most importantly, it will allow us to address the needs of virtually any high-risk patient.

We are pleased with our progress on the development of a next generation transcatheter heart valve and expect the first human implant to occur in 2008. This new valve will have a lower delivery profile, which will make it available to an even wider group of patients.

What to Expect in 2008

We believe Edwards is very well positioned for a strong 2008, which we expect to be highlighted by a number of new product launches, and further progress on our pioneering transcatheter heart valve platform. Additionally, we are very excited to expand our commercial introduction of the Edwards SAPIEN transcatheter heart valve in Europe, and anticipate its increasing contribution throughout the year. We will remain focused on achieving our financial goals, which include generating

total sales of between \$1.16 and \$1.21 billion, increasing our gross profit margin by 100 to 150 basis points and generating free cash flow of \$155 to \$165 million.

Also of significant importance, in 2008 Edwards will celebrate its 50th anniversary of developing life-saving innovations for patients fighting cardiovascular disease. We look forward to celebrating this milestone with our employees, customers, patients and stockholders, and having the opportunity to honor our past, present and future. We believe Mr. Edwards would be very proud of the company that bears his name today and the more than 5,600 Edwards employees worldwide who carry on his mission to provide innovative treatments for patients with advanced cardiovascular disease.

Sincerely,



Michael A. Mussallem
Chairman & Chief Executive Officer

This letter to stockholders contains figures that are not prepared in conformity with Generally Accepted Accounting Principles ("GAAP"). Management has determined that the inclusion of these non-GAAP figures provides a more meaningful comparison of the company's ongoing operations. For a reconciliation of GAAP to non-GAAP figures, refer to pages 28 and 29 of this report.