Edwards Lifesciences Corp
Form DEF 14A
March 29, 2013

Use these links to rapidly review the document
TABLE OF CONTENTS

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant ý

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement

o **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ý Definitive Proxy Statement

o Definitive Additional Materials

o Soliciting Material under §240.14a-12

Edwards Lifesciences Corporation

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

ý No fee required.

o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

March 29, 2013

To our Stockholders:

The Board of Directors joins me in inviting you to attend our 2013 Annual Meeting of Stockholders. The meeting will be held at our corporate headquarters located at One Edwards Way, Irvine, California, on Tuesday, May 14, 2013, commencing at 10:00 a.m., Pacific Daylight Time. Registration will begin at 9:00 a.m. and refreshments will be provided.

Details of the business to be conducted at the Annual Meeting are included in the attached Notice of Annual Meeting of Stockholders and Proxy Statement. Stockholders also may access the Notice of Annual Meeting of Stockholders and the Proxy Statement via the Internet at *www.edwards.com*.

At the meeting, in addition to discussing matters described in the Proxy Statement, I will report on our 2012 achievements and discuss our plans for continued growth and success.

We look forward to seeing you at our upcoming Annual Meeting of Stockholders.

Sincerely,

Michael A. Mussallem
Chairman of the Board and
Chief Executive Officer

Edwards Lifesciences Corporation
One Edwards Way
Irvine, California USA 92614
Phone: 949.250.2500 *www.edwards.com*

Table of Contents

Edwards Lifesciences Corporation
One Edwards Way
Irvine, California USA 92614
949.250.2500

NOTICE OF 2013 ANNUAL MEETING OF STOCKHOLDERS

To be held on Tuesday, May 14, 2013

To the Stockholders of

EDWARDS LIFESCIENCES CORPORATION

The 2013 Annual Meeting of Stockholders (the "Annual Meeting") of Edwards Lifesciences Corporation, a Delaware corporation (the "Company"), will be held at the corporate headquarters of the Company, located at One Edwards Way, Irvine, California 92614 on Tuesday, May 14, 2013, at 10:00 a.m., Pacific Daylight Time, for the following purposes:

1. To elect the three nominees identified in the attached proxy statement (this "Proxy Statement") as directors for the terms described therein;

2. To approve an amendment and restatement of the Company's Long-Term Stock Incentive Compensation Program (the "Long-Term Stock Program") to increase the total number of shares of common stock available for issuance under the Long-Term Stock Program by 1,500,000 shares;

3. To approve an amendment and restatement of the Company's 2001 Employee Stock Purchase Plan for United States Employees (the "U.S. ESPP") to increase the total number of shares of common stock available for issuance under the U.S. ESPP by 700,000 shares;

4. To approve, in a non-binding vote, the compensation of the Company's Named Executive Officers as described in this Proxy Statement;

5. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for fiscal year 2013;

6. To approve amendments to the Company's Restated Certificate of Incorporation to declassify our Board;

7. To approve an amendment to the Company's Restated Certificate of Incorporation to eliminate the supermajority voting provision;

8. To consider a stockholder proposal, if properly presented at the Annual Meeting; and

9. To transact such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on Wednesday, March 20, 2013, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting.

We direct your attention to the accompanying Proxy Statement. Whether or not you plan to attend the meeting in person, please vote your shares in one of the following three ways: (1) complete, sign, date, and return the enclosed proxy card in the enclosed, postage-prepaid envelope; (2) call the toll-free number listed on the proxy card; or (3) access the Internet as indicated on the proxy card. If you attend the meeting and wish to vote in person, you may withdraw your proxy and vote your shares personally.

By Order of the Board of Directors,

Denise E. Botticelli
Vice President, Associate General Counsel and Secretary

March 29, 2013

Table of Contents

EDWARDS LIFESCIENCES CORPORATION

PROXY STATEMENT FOR THE
2013 ANNUAL MEETING OF STOCKHOLDERS

TABLE OF CONTENTS

Table of Contents

Table of Contents

EDWARDS LIFESCIENCES CORPORATION

PROXY STATEMENT FOR THE 2013 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

Our Board of Directors (the "Board") is soliciting your proxy for use at the 2013 Annual Meeting of Stockholders (the "Annual Meeting") to be held at 10:00 a.m., Pacific Daylight Time, on Tuesday, May 14, 2013, at our corporate headquarters, located at One Edwards Way, Irvine, California 92614.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to be Held on May 14, 2013: Pursuant to rules promulgated by the Securities and Exchange Commission (the "SEC"), we have elected to provide access to our proxy materials both by sending you this full set of proxy materials, including a proxy card, and by notifying you of the availability of our proxy materials on the Internet. This proxy statement and our fiscal 2012 Annual Report are available at our website at *www.edwards.com*. Additionally, as required by SEC rules, you may access our proxy statement at *www.edwards.com/2013proxy*, which does not have "cookies" that identify visitors to the site.

These proxy materials are first being sent to stockholders on or about March 29, 2013.

Record Date and Stockholder List

Our Board has fixed the close of business on Wednesday, March 20, 2013, as the record date for the determination of stockholders entitled to notice of, and to vote at, the Annual Meeting. A list of stockholders of record entitled to vote at the Annual Meeting will be available for inspection by any stockholder, for any purpose germane to the meeting, during normal business hours, for a period of ten days prior to and including the date of the meeting, at our corporate headquarters located at One Edwards Way, Irvine, California 92614.

Who Can Vote

You are entitled to vote your shares at the Annual Meeting if our records show that you held your shares as of the record date, March 20, 2013. At the close of business on that date, 113,534,739 shares of our common stock were outstanding and entitled to vote at the Annual Meeting. We have no other class of voting securities outstanding. Each stockholder is entitled to one vote per share on each proposal to be voted upon at the meeting.

How to Vote

Shares Held of Record. If you hold your shares in your own name as a holder of record with our transfer agent, Computershare, you may authorize that your shares be voted at the Annual Meeting in one of the following three ways:

By Mail complete, sign, date, and mail your proxy card in the enclosed, postage-prepaid envelope;

By Telephone call the toll-free number listed on the proxy card; or

By Internet access the Internet as indicated on the proxy card.

Table of Contents

You may also vote in person if you attend the Annual Meeting.

Shares Held in Street Name. If you hold your shares through a broker, bank or other nominee (that is, in street name), you will receive instructions from your broker, bank or nominee that you must follow in order to have your shares voted at the Annual Meeting. If you want to vote in person at the Annual Meeting, you must obtain a legal proxy from your broker, bank or other nominee and bring it to the meeting.

Even if you plan to attend the Annual Meeting, we recommend that you submit your proxy or voting instructions in advance of the meeting so that your vote will be counted if you later decide not to attend the meeting.

Appointment of Proxies

Our Board has appointed Mike R. Bowlin, Barbara J. McNeil, M.D., Ph.D., and Michael A. Mussallem to serve as proxy holders to vote your shares according to the instructions you submit. If you return a properly signed and dated proxy card, but do not mark a choice on one or more items, your shares will be voted in accordance with the recommendations of our Board as set forth in this Proxy Statement:

FOR the election of the named director nominees;

FOR the amendment and restatement of the Long-Term Stock Incentive Compensation Program (the "Long-Term Stock Program");

FOR the amendment and restatement of the Company's 2001 Employee Stock Purchase Plan for United States Employees (the "U.S. ESPP");

FOR the approval of the compensation of the Company's Named Executive Officers (as defined below);

FOR the ratification of the appointment of PricewaterhouseCoopers LLP ("PwC") as the Company's independent registered public accounting firm for fiscal year 2013;

FOR the approval of amendments to the Company's Restated Certificate of Incorporation to declassify our Board;

FOR the approval of an amendment to the Company's Restated Certificate of Incorporation to eliminate the supermajority voting provision; and

AGAINST the stockholder proposal regarding special meetings of stockholders.

With respect to any other matter properly presented at the Annual Meeting, your proxy, if properly submitted, gives authority to the proxy holders to vote your shares in accordance with their best judgment.

Revocation of Your Proxy

If you are a holder of record, you may revoke your proxy at any time before it is voted at the Annual Meeting by delivering written notice of revocation to the Secretary of the Company by submitting a subsequently dated proxy by mail, telephone or the Internet in the manner described above under "How to Vote", or by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting will not itself revoke an earlier submitted proxy. If you hold your shares in street name, you must follow the instructions provided by your broker, bank, or nominee to revoke your voting instructions.

Broker Voting

Brokers holding shares of record for their customers generally are not entitled to vote on certain matters, including the election of directors, matters relating to equity compensation plans or executive compensation and certain corporate governance proposals, unless their customers submit voting instructions. If you hold your shares in street name through a broker and the broker does not receive your voting instructions, the broker will not be permitted to vote your shares in its discretion on any of the proposals at the Annual Meeting other than the proposal to ratify the appointment of PwC as our independent registered public accounting firm (Proposal No. 5). If you do not submit voting instructions and your broker votes your shares on Proposal No. 5 in its discretion, your shares will constitute "broker non-votes" on each of the other proposals.

Quorum

The presence at the Annual Meeting, in person or by proxy, of holders of at least a majority of the outstanding shares of common stock entitled to vote is necessary to constitute a quorum to transact business at the Annual Meeting. Shares represented at the meeting are counted toward a quorum even if the holder of such shares abstains from voting. Shares held by brokers are not counted toward a quorum unless the broker has authority to vote upon at least one matter at the Annual Meeting.

Vote Required on Proposals

The following summary describes the vote required to approve each of the proposals at the Annual Meeting.

Election of Directors. Each director named in Proposal No. 1 will be elected by a majority of votes cast, which means that the number of shares voted "for" each of the nominees for election to the Board must exceed 50% of the number of votes cast with respect to each nominee's election. Stockholders are not permitted to cumulate their shares for the purpose of electing directors. Abstentions and broker non-votes will not be counted as votes cast "for" or "against" a director and consequently will not be counted in determining the outcome of a director's election. In the event that the number of nominees exceeds the number of directors to be elected, which is a situation that we do not anticipate, directors will be elected by a plurality of the shares represented in person or by proxy at the meeting and entitled to vote on the election of directors.

Management and Stockholder Proposals (except for Proposals to Amend the Restated Certificate of Incorporation). These proposals will be decided by the affirmative vote of a majority of shares represented at the Annual Meeting, in person or by proxy, and entitled to vote on the proposals. This vote standard applies to the proposals to amend the Long-Term Stock Program (Proposal No. 2) and the U.S. ESPP (Proposal No. 3), approve the compensation of our Named Executive Officers (Proposal No. 4), ratify the appointment of PwC as our independent registered public accounting firm for fiscal year 2013 (Proposal No. 5), and approve the advisory stockholder proposal (Proposal No. 8). In addition, under applicable rules of the New York Stock Exchange, Proposal No. 2 to amend the Long-Term Stock Program also requires that the total votes cast on the proposal represent over 50% of the voting power of the total outstanding shares of our common stock. With respect to each of these proposals, abstentions will have the effect of votes against the proposal. Broker non-votes will not be counted in determining the outcome of these proposals, although broker non-votes could impair our ability to satisfy the requirement that the total vote cast on Proposal No. 2 represent over 50% of the voting power of the total outstanding shares of our common stock.

Because your votes on the compensation of our Named Executive Officers (Proposal No. 4), the ratification of the appointment of PwC as our independent registered public accounting firm for fiscal

Table of Contents

year 2013 (Proposal No. 5), and the stockholder proposal (Proposal 8) are advisory only, such votes will not bind the Board or any of its committees. However, the Board or its committees, as applicable, will review the voting results and take the results into consideration to determine what action, if any, should be taken in response to the stockholder vote.

Amendments to Restated Certificate of Incorporation. The affirmative vote of at least 80% of our outstanding shares of common stock is necessary to approve the amendments to our Restated Certificate of Incorporation to declassify the Board (Proposal No. 6) and the amendment to our Restated Certificate of Incorporation to eliminate the supermajority voting provision (Proposal No. 7). With respect to each of these proposals, abstentions and broker non-votes will have the effect of votes against the proposal.

Proxy Solicitation Costs

Your proxy is being solicited on behalf of our Board and we will pay the cost of the solicitation. At our expense, we will also request brokers and other custodians, nominees, and fiduciaries to forward proxy soliciting materials to the beneficial owners of shares held of record by such persons.

In addition, we have retained Georgeson Inc. ("Georgeson") to assist with the distribution and solicitation of proxies for a fee of $20,000, plus expenses for these services. We also agreed to indemnify Georgeson against liabilities and expenses arising in connection with the proxy solicitation unless caused by Georgeson's gross negligence or intentional misconduct. Georgeson and our officers, directors, and regular employees may supplement the original solicitation by mail of proxies by telephone, facsimile, e-mail, and personal solicitation. We will not pay additional compensation to our officers, directors, and regular employees for these activities.

Table of Contents

CORPORATE GOVERNANCE

Board Composition

Our Board currently consists of eight directors divided into three classes as indicated below. None of the directors has any family relationship with any other director or with any of our executive officers.

Proposal 1 Election of Directors

The Board nominates the individuals below to serve as directors for the terms indicated below and until their successors are elected and qualified.

Current Class I Directors Nominated for Reelection for a Term Expiring in 2016

Robert A. Ingram, age 70. Mr. Ingram has been a director of the Company since 2003. He has been a General Partner in the firm Hatteras Venture Partners, a venture capital firm that invests in early stage life science companies, since 2007. Mr. Ingram has served as a strategic advisor to the Chief Executive Officer of GlaxoSmithKline plc, a pharmaceutical research and development company, since January 2010. He previously served as Vice Chairman, Pharmaceuticals, GlaxoSmithKline plc, from 2003 through 2009, and Chief Operating Officer and President of Pharmaceutical Operations, GlaxoSmithKline plc, from January 2001 through January 2003. Mr. Ingram has been on the board of directors of Valeant Pharmaceuticals International since 2003, serving as its Chairman of the Board from 2006 to 2008, when he became its lead director. He was again named Chairman of the Board of Valeant from December 2010 until March 2011, after which he was again appointed Lead Director. Mr. Ingram has also been a director of Cree, Inc., since 2008, serving as its Lead Director since October 2011, and Elan Corporation, since December 2010, serving as its Chairman of the Board since January 2011. Mr. Ingram was a director of Wachovia Corporation until 2008, OSI Pharmaceuticals, Inc., until 2010, Lowe's Companies, Inc., until 2011, Pharmaceutical Product Development Inc., until 2011, and Allergan Inc., until 2012.

Mr. Ingram is a seasoned executive and corporate director with extensive knowledge and experience in the management of highly regulated pharmaceutical and medical device companies. His in-depth knowledge and understanding of the regulatory environment and governmental processes, coupled with the relationships he has developed with key governmental officials, have been particularly helpful to the Board's perspective.

Table of Contents

William J. Link, Ph.D., age 66. Dr. Link has been a director of the Company since May 2009. He is Managing Director and co-founder of Versant Ventures, a venture capital firm investing in early stage healthcare companies. Prior to co-founding Versant Ventures in 1999, Dr. Link was a general partner at Brentwood Venture Capital. From 1986 to 1997, he was founder, Chairman and Chief Executive Officer of Chiron Vision, which was later sold to Bausch & Lomb, Inc. He also founded and served as President of American Medical Optics, Inc., which was acquired by Allergan, Inc. Dr. Link served as a director of Advanced Medical Optics, Inc., from 2002 to 2009. Before entering the healthcare industry, Dr. Link was an assistant professor in the Department of Surgery at the Indiana University School of Medicine. Dr. Link earned his Bachelor's, Master's, and Doctorate degrees in Mechanical Engineering from Purdue University.

Dr. Link's experience in identifying new business opportunities and successfully commercializing products in the medical device industry provide the Board with a valuable perspective in evaluating the prospects of existing business operations and assessing the potential for future innovative opportunities.

Wesley W. von Schack, age 68. Mr. von Schack has been a director of the Company since February 2010 and is currently serving as Presiding Director of the Board. He served as Chairman, President, and Chief Executive Officer of Energy East Corporation, an energy services company, from 1996 until his retirement in 2009 (Energy East Corporation was acquired by Iberdrola S.A. in 2008). Mr. von Schack has been a director of the Bank of New York Mellon Corporation since 2007 and is its lead director and chairman of its executive committee. He has been a member of the board of directors of AEGIS Insurance Services since 1997, its chairman since 2006, and a non-executive director of AEGIS Managing Agency Limited, which manages Syndicate 1225 at Lloyd's of London. Mr. von Schack has been a director of Teledyne Technologies, Inc., since 2006. He received his Bachelor's degree in Economics from Fordham University, an MBA from St. John's University, and Doctorate from Pace University.

Mr. von Schack's experience of more than 30 years' managing operations in the highly regulated energy industry as both a chief executive officer and a chief financial officer, combined with many years of Board experience and audit and compensation committee chairmanships enable him to contribute his significant insights in assessing and managing the risks and opportunities inherent in complex organizations.

Each of the nominees standing for election has consented to serve as a director if elected. However, if any nominee becomes unable to serve before the election, the shares represented by proxy may be voted for a substitute nominee designated by the Board. No arrangement or understanding exists between any nominee and any other person or persons pursuant to which any nominee was or is to be selected as a director or nominee. Please see the remainder of this section entitled "Corporate Governance" for more information regarding the Board, the committees of the Board, director independence, and related matters.

THE BOARD RECOMMENDS A VOTE "FOR" THE ELECTION OF EACH OF THE NOMINEES FOR DIRECTOR.

Table of Contents

Continuing Class II Directors Term Scheduled to Expire in 2014

John T. Cardis, age 71. Mr. Cardis has been a director of the Company since 2004 and is the Chairman of the Audit and Public Policy Committee. Mr. Cardis, a senior partner of Deloitte & Touche until his retirement in 2004, served at Deloitte & Touche for 41 years in positions of increasing responsibility, including as National Managing Partner Global Strategic Clients, as a member of its executive committee for 18 years, and as a member of its board of directors. He has been a director of Avery Dennison Corporation since 2004. Mr. Cardis remains actively involved as a private investor and has served a number of non-profit and community organizations.

Mr. Cardis possesses in-depth, practical knowledge of financial and accounting principles as well as experience in overseeing enterprise risk and risk mitigation strategies. Throughout his career, he has worked with numerous boards and audit committees on technical and governance matters. This background, and his management and operations experience as a senior partner at Deloitte & Touche, provide a valuable perspective to the Board as a whole, and are important to his role as Chairman of the Audit and Public Policy Committee.

David E.I. Pyott, age 59. Mr. Pyott has been a director of the Company since 2000. He has served as Chairman of the Board of Allergan, Inc., a global specialty pharmaceutical and medical device company, since April 2001, as Allergan's Chief Executive Officer since January 1998, as its President from 1998 through January 2006, and again beginning March 2011. Mr. Pyott has been a director of Avery Dennison Corporation since 1999. He serves as Chairman of the Board of the California Healthcare Institute, is on the board and on the executive committee of the Biotechnology Industry Organization (BIO), is on the Directors' Board of the Paul Merage School of Business at the University of California (Irvine), and is a Vice Chairman of the Board of Trustees of Chapman University. Mr. Pyott holds a Diploma in European and International Law from the Europa Institute at the University of Amsterdam, a Master of Arts from the University of Edinburgh, and an MBA from the London Business School.

Mr. Pyott's many years of experience as the chairman and chief executive officer of a complex, global multi-specialty healthcare company enable him to make important contributions to the Board in a full range of company management issues and processes, particularly in the areas of global marketing, international regulatory requirements, and other unique aspects of doing business outside the United States. His legal background and insights also add a valuable perspective to the Board's discussions.

Table of Contents

Continuing Class III Directors Term Scheduled to Expire in 2015

Mike R. Bowlin, age 70. Mr. Bowlin has been a director of the Company since 2000, and is Chairman of the Compensation and Corporate Governance Committee. He served as the Presiding Director until May 2011. He served as Chairman of the Board of Atlantic Richfield Company (which merged with BP Amoco in 2000) from 1995 until his retirement in 2000, as its President from 1993 to 1998, and as its Chief Executive Officer from 1994 to 2000. Mr. Bowlin has been a director of FMC Technologies, Inc. since 2001.

Mr. Bowlin's general management experience as Chairman and Chief Executive Officer at Atlantic Richfield Company, a complex, global corporation, and business and risk oversight experience as a member of its Board of Directors, make him particularly well-suited to serve as a member of the Company's Board. In addition, his extensive experience in managing diverse compensation and incentive programs is especially valuable in his role as Chairman of the Compensation and Governance Committee.

Barbara J. McNeil, M.D., Ph.D., age 72. Dr. McNeil has been a director of the Company since 2006. Since 1990, she has served as the Ridley Watts Professor of Health Care Policy at Harvard Medical School. In addition, since 1988, Dr. McNeil has served as the chair of the Department of Health Care Policy at Harvard Medical School. Since 1983, she has been a Professor of Radiology at both Harvard Medical School and Brigham and Women's Hospital. Dr. McNeil served as a director of CV Therapeutics, Inc., from 1994 to 2008. She also served as a director of Flagship Global Health, Inc., from 2005 to 2008. Dr. McNeil is a member of the Institute of Medicine of the National Academy of Sciences (where she was formerly chair of its Board of Healthcare Services) and the American Academy of Arts and Sciences. She is a member and former chair of the Medicare Evidence Development and Advisory Committee and is a member of the Blue Cross Medical Advisory Panel. Dr. McNeil holds an M.D. from Harvard Medical School and a Ph.D. in Biological Chemistry from Harvard University.

Dr. McNeil provides the Board with expertise related to a variety of scientific and medical matters from her broad experience in the academic and health care delivery worlds. Her experience in the health care policy arena also gives her insights into other medical-related organizations and the issues they face, and complements the Board's experience and insight.

Michael A. Mussallem, age 60. Mr. Mussallem has been our Chairman of the Board and Chief Executive Officer since 2000. Prior to 2000, he held a variety of positions with increasing responsibility in engineering, product development, and senior management at Baxter International Inc. ("Baxter"), including Group Vice President of its CardioVascular Group from 1994 to 2000, and Group Vice President of its Biopharmaceutical business from 1998 to 2000. Mr. Mussallem received his Bachelor of Science degree in Chemical Engineering from the Rose-Hulman Institute of Technology and was conferred an honorary Doctorate by his alma mater in 1999. He was a director of Advanced Medical Optics, Inc. from 2002 to 2009, where he chaired the Organization, Compensation and Corporate Governance Committee. Mr. Mussallem currently serves on the boards and executive committees of Advanced Medical Technology Association ("AdvaMed"), California Healthcare Institute, and OCTANe Foundation for Innovation, and is a trustee of the University of California, Irvine Foundation.

Mr. Mussallem has an extensive knowledge of the medical device industry in general, and of the people, operations, processes, and products of the Company, in particular, built over a 30-year career with the Company and its predecessor. In addition, he has played a leadership role in the medical device industry and, particularly through his roles on the board and executive committee of AdvaMed, the largest medical device trade organization in the world, has made important contributions to the healthcare policy discussions in California, the United States, and the key global markets that the Company serves. These external experiences also have fostered relationships, which are helpful in developing the Board's strategic perspective and enhance his leadership of the Company.

Director Independence

Under the corporate governance rules of the New York Stock Exchange ("NYSE"), a majority of the members of the Board must satisfy the NYSE criteria for "independence." No director qualifies as independent under the NYSE rules unless the Board affirmatively determines that the director has no material relationship with the Company (either directly or as a partner, stockholder, or officer of an organization that has a relationship with the Company). The Board has determined that each of Messrs. Bowlin, Cardis, Ingram, Pyott and von Schack, and Drs. Link and McNeil is independent under the NYSE rules. Mr. Mussallem is not independent under the NYSE rules as a result of his position as our Chief Executive Officer.

Governance Guidelines

Our Board has adopted a set of Governance Guidelines to assist the Board and its committees in performing their duties and serving the best interests of the Company and its stockholders. The Governance Guidelines cover topics including, but not limited to, director selection and qualification, director responsibilities and operation of the Board, director access to management and independent advisors, director compensation, director orientation and continuing education, succession planning, recoupment of performance-based compensation, and the annual evaluations of the Board. The Governance Guidelines are available on our website at *www.edwards.com* under "Investors" Corporate Governance and Responsibility."

Board Leadership Structure

Our Chief Executive Officer also serves as the Chairman of the Board. This leadership structure has been in place since we first became a public company in 2000. This approach is commonly used by other public companies in the United States, and our Board believes it has been effective for our company as well. We have a single leader, and our Chairman and Chief Executive Officer ("Chairman and CEO") is seen by customers, business partners, investors, and others as providing strong leadership for the Company in the communities we serve and in our industry. Our Board believes that combining the roles of Chairman of the Board and Chief Executive Officer has fostered a more constructive and cooperative relationship between the Board and management, and that communications between the Board and management are more open and effective than they would be under a different structure. Our Board also believes that, given its size and the constructive working relationships of its members, changing the existing structure would not improve the performance of the Board. The directors bring a broad range of leadership experience to the boardroom and regularly contribute to the thoughtful discussion involved in overseeing the affairs of the Company. All directors are well-engaged in their responsibilities, express their views, and are open to the opinions expressed by other directors.

Our Board believes that it is important to have an active, engaged, and independent Board. The requirements of the NYSE are that a majority of the members of the Board be independent. All members of the Board, other than the Chairman, are independent. In order to assure that the independent directors are not inappropriately influenced by management, the non-management members of the Board meet in executive session, without management, in conjunction with each of the regularly scheduled meetings of the Board and each committee, and otherwise, as deemed necessary. This allows directors to speak candidly on any matter of interest, without the Chief Executive Officer or other members of management present. Mr. von Schack is currently designated as the Presiding Director and, as such, he presides at the executive sessions of the Board. In addition, among other things, the Presiding Director serves as a liaison between the independent members of the Board and the Chairman and other members of management, providing feedback to management from the Board's executive sessions; coordinates the activities of the independent directors, including calling meetings of the independent directors as necessary and appropriate to address their responsibilities, and provides advice and counsel to the Chairman.

Board Role in Oversight of Risk

It is management's responsibility to manage risk and bring to the Board's attention the most material risks to the Company. The Board has oversight responsibility of the processes established to monitor systems and operations, and identify material risks applicable to the Company. The Audit and Public Policy Committee (the "Audit Committee") regularly reviews enterprise-wide risk management, which focuses primarily on manufacturing processes and supplier quality, product development processes and systems, and regulatory compliance issues. The Audit Committee also regularly reviews treasury risks (insurance, credit, and debt), financial and accounting risks, legal and compliance risks, information technology security risks, and other risk management functions. In addition, the Audit Committee considers risks to the Company's reputation and reviews risks related to the sustainability of our operations.

The Compensation and Governance Committee (the "Compensation Committee") considers risks related to succession planning, the attraction and retention of talent, and risks relating to the design of compensation programs and arrangements. As part of its normal review of these risks, the Compensation Committee considers the Company's compensation policies and practices to determine if their structure or implementation provides incentives to employees to take unnecessary or inappropriate risks that could have a material adverse effect on the Company. They have concluded that the Company's compensation programs appropriately encourage employees to achieve a strong balance sheet, improve operating performance, and create value for stockholders, without encouraging unreasonable or unrestricted risks. The Compensation Committee has determined that the Company's compensation policies and practices do not encourage risks that are reasonably likely to have a material adverse effect on the Company. The Compensation Committee

Table of Contents

also reviews compensation and benefits plans affecting employees in addition to those applicable to executive officers. The full Board considers strategic risks and opportunities and regularly receives detailed reports from the committees regarding risk oversight in their areas of responsibility.

Our Board believes that the processes it has established for overseeing risk would be effective under a variety of leadership frameworks and therefore do not materially affect its choice of leadership structure as described under "Board Leadership Structure" above.

Meetings of the Board

During the year ended December 31, 2012, the Board held six meetings. Each director attended at least 75% of the total of all meetings of the Board and any applicable committee held during the period of his or her tenure in 2012.

The Company encourages, but does not require, its directors to attend the annual meeting of stockholders. All of our directors attended our 2012 annual meeting of stockholders.

Committees of the Board

To facilitate independent director review, and to make the most effective use of the directors' time and capabilities, we have established the Audit Committee and the Compensation Committee. The Board is permitted to establish other committees from time to time as it deems appropriate.

Audit and Public Policy Committee. The Audit Committee comprises three directors, each of whom must be independent as defined under applicable rules of the NYSE and the SEC and financially literate as defined under applicable rules of the NYSE. The Board has determined that each of the members of the Audit Committee is "independent" and "financially literate" under applicable rules of the NYSE and the SEC and that Mr. Cardis is an "audit committee financial expert" under the rules of the SEC. The responsibilities of the Audit Committee are included in its written charter, which is posted under the "Investors" section of the Company's website (*www.edwards.com*).

As described more fully in the Audit Committee charter, the primary purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relating to the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the Company's adherence to policies regarding ethics and business practices, the independent registered public accounting firm's qualifications and independence, the performance of the Company's internal audit function and independent registered public accounting firm, and the Company's enterprise-wide risk management practices. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements; adoption of accounting and financial reporting principles; internal controls; and procedures designed to reasonably assure compliance with accounting standards, applicable laws, and regulations. The Company has a full-time internal audit function that reports to the Audit Committee and to management and is responsible for, among other things, objectively reviewing and evaluating the adequacy, effectiveness, and quality of the Company's system of internal controls. The Company also has a Chief Responsibility Officer who manages the Company's ethics and compliance programs and reports to the Audit Committee.

The Audit Committee appoints, retains, terminates, determines compensation for, and oversees the independent registered public accounting firm, reviews the scope of the audit by the independent registered public accounting firm, and inquires into the effectiveness of the Company's accounting and internal control functions. The Audit Committee also assists the Board in establishing and monitoring compliance with the ethical Business Practice Standards of the Company. The Company's Business Practice Standards are posted under the "Investors" section of the Company's

Table of Contents

website (*www.edwards.com*). The Audit Committee also reviews, with the Company's management and the independent registered public accounting firm, the Company's policies and procedures with respect to risk assessment and risk management.

The Audit Committee held twelve meetings in 2012 and organized its activities at each meeting through the use of a periodic agenda. At each regularly scheduled meeting, the Audit Committee met with the senior members of the Company's financial management team and the Chief Responsibility Officer. Additionally, the Audit Committee met in executive sessions and without others present at its regularly scheduled meetings, with the Company's independent registered public accounting firm, the Senior Director of Internal Audit, the Company's Chief Financial Officer, the Company's Chief Responsibility Officer, and the Company's General Counsel. The current members of the Audit Committee are Messrs. Cardis (Chairperson), Pyott, and von Schack.

Compensation and Governance Committee. The Compensation Committee comprises four directors, each of whom must be independent as that term is defined under the rules of the NYSE. The Board has determined that each of the members of the Compensation Committee is "independent" under the rules of the NYSE. Each of the members of this committee is also a "nonemployee director" as that term is defined under Rule 16b-3 of the Securities and Exchange Act of 1934 and an "outside director" as that term is defined in Treasury Regulation § 1.162-27(3). The responsibilities of the Compensation Committee are included in its written charter, which is posted under the "Investors" section of the Company's website (*www.edwards.com*).

The Compensation Committee determines the compensation of executive officers and recommends to the Board the compensation of outside directors, exercises authority of the Board concerning employee benefit plans, advises the Board on other compensation and employee benefit matters, and oversees the evaluation of the Board and management. The Compensation Committee also advises the Board on board committee structure and membership and corporate governance matters. The Compensation Committee may, and has, delegated authority to the Chairman and CEO to grant rights in, or options to purchase, shares of the Company's common stock to eligible employees who are not executive officers.

In addition, the Compensation Committee makes recommendations to the Board regarding candidates for election as directors of the Company and is otherwise responsible for matters relating to the nomination of directors. The Compensation Committee maintains formal criteria for selecting director nominees who will best serve the interests of the Company and its stockholders. The criteria used for selecting director nominees are set forth in the Compensation Committee's charter, including experience, interest in the Company, intelligence, honesty, judgment, high ethics and standards, the absence of conflicts of interest, independence of mind, willingness to devote the required time, and compatibility with the Board and management. In addition to these requirements, the Compensation Committee also evaluates whether the candidate's skills and experience are complementary to the existing Board members' skills and experience, as well as the need of the Board for operational, management, financial, international, technological, or other expertise. The members of the Compensation Committee interview candidates that meet the criteria and the Compensation Committee selects nominees that it believes best suit the needs of the Board. From time to time, the Compensation Committee may engage the services of an executive search firm to assist the Compensation Committee in identifying and evaluating candidates for the Board.

The Compensation Committee will consider qualified candidates for director nominees suggested by the Company's stockholders. Stockholders can suggest qualified candidates for director nominees by writing to the Secretary of the Company at One Edwards Way, Irvine, California 92614. Submissions received that meet the criteria described above are forwarded to the Compensation Committee for further review and consideration. The Compensation Committee does not intend to evaluate candidates proposed by stockholders any differently than other candidates.

Table of Contents

The Compensation Committee held five meetings in 2012. The current members of the Compensation Committee are Messrs. Bowlin (Chairperson) and Ingram, and Drs. Link and McNeil.

Board Diversity Policy

The Compensation Committee is responsible for identifying, evaluating, and recommending to the Board, individuals qualified to be directors of the Company. The Compensation Committee's charter sets forth the membership criteria against which potential director candidates are evaluated. These written membership criteria state that the Company "seeks a board with diversity of background among its members, including diversity of experience, gender, race, ethnic or national origin, and age." In performing this responsibility, the Compensation Committee considers women and minority candidates consistent with the membership criteria and the Company's non-discrimination policies. The Compensation Committee also considers fundamental qualities of intelligence, honesty, perceptiveness, good judgment, maturity, high ethics and standards, integrity, fairness, and responsibility; a background that demonstrates an understanding of business and financial affairs and the complexities of a large, multifaceted, global business, governmental, or educational organization; and the ability to hold independent opinions and express them in a constructive manner. Of equal importance, the Compensation Committee and the Board seek individuals who are compatible and able to work well with other directors and executives. The satisfaction of these criteria is implemented and assessed through ongoing consideration of directors and nominees by the Compensation Committee and the Board, as well as the Board's self-evaluation and peer evaluation processes. Based upon these activities and its review of the current composition of the Board, the Compensation Committee and the Board believe that these criteria have been satisfied. As a result, the members of the Board represent diverse backgrounds and experience in many areas, including financial, industrial, entrepreneurial, and educational.

Communications with the Board

Any interested party who desires to contact any member of the Board, including the Presiding Director or the non-management members of the Board as a group, may write to any member or members of the Board at: Board of Directors, c/o Secretary, Edwards Lifesciences Corporation, One Edwards Way, Irvine, California 92614. Communications will be received by the Secretary of the Company and, after initial review and determination of the nature and appropriateness of such communications, will be distributed to the appropriate members of the Board depending on the facts and circumstances described in the communication.

Table of Contents

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding beneficial ownership of the Company's common stock as of February 28, 2013 by:

- each stockholder known by the Company to own beneficially more than 5% of the common stock;
- each of the Named Executive Officers;
- each of the Company's directors; and
- all of the Company's directors and executive officers as a group.

The number of shares subject to options that each beneficial owner has the right to acquire on or before April 29, 2013, and restricted stock units with restrictions that will lapse prior to that date, are listed separately under the column "RSUs and Shares Underlying Options." These shares are not deemed exercisable for purposes of computing the beneficial ownership of any other person. Percent of beneficial ownership is based upon 114,489,500 shares of the Company's common stock outstanding as of February 28, 2013. The address for those individuals for which an address is not otherwise provided is c/o Edwards Lifesciences Corporation, One Edwards Way, Irvine, California 92614. Unless otherwise indicated, the Company believes that the stockholders listed have sole voting and investment power with respect to all shares, subject to applicable community property laws.

Name and Address	Outstanding Shares Beneficially Owned	RSUs and Shares Underlying Options	Total Shares Beneficially Owned	Percentage of Class
Principal Stockholders:				
Capital Research Global Investors(1) 333 South Hope Street Los Angeles, CA 90071	11,658,712		11,658,712	10.18%
T. Rowe Price Associates, Inc.(2) 100 E. Pratt Street Baltimore, MD 21202	11,491,968		11,491,968	10.04%
Capital World Investors(3) 333 South Hope Street Los Angeles, CA 90071	9,585,000		9,585,000	8.37%
The Growth Fund of America, Inc.(4) 333 South Hope Street Los Angeles, CA 90071	9,027,700		9,027,700	7.89%
The Vanguard Group, Inc.(5) 100 Vanguard Blvd. Malvern, PA 19355	6,986,180		6,986,180	6.10%
BlackRock, Inc.(6) 40 East 52nd Street New York, NY 10022	6,503,444		6,503,444	5.68%

Table of Contents

Name and Address	Outstanding Shares Beneficially Owned	RSUs and Shares Underlying Options	Total Shares Beneficially Owned	Percentage of Class
Named Executive Officers, Executive Officers and Directors:				
Mr. Mussallem	320,396	1,682,572	2,002,968	1.75%
Mr. Abate	28,687	405,713	434,400	*
Mr. Bobo	28,130	180,270	208,400	*
Mr. Solomon	29,656	97,800	125,756	*
Mr. Verguet	49,978	232,025	282,003	*
Mr. Bowlin	66,164	12,142	78,304	*
Mr. Cardis(7)	42,358		42,358	*
Mr. Ingram	31,659		31,659	*
Dr. Link	18,017		18,017	*
Dr. McNeil	43,555	1,814	45,369	*
Mr. Pyott	40,232	7,818	48,050	*
Mr. von Schack	13,391		13,391	*
All directors and executive officers as a group (19 persons)	899,352	3,243,371	4,142,723	3.62%

*
Less than 1%

(1)
Based solely on information contained in the Schedule 13G/A filed with the SEC by Capital Research Global Investors, on its own behalf, on January 10, 2013. The Schedule 13G/A indicates Capital Research Global Investors has sole voting power and sole dispositive power for 11,658,712 shares.

(2)
Based solely on information contained in the Schedule 13G/A filed with the SEC by T. Rowe Price Associates, Inc., on its own behalf, on February 11, 2013. The Schedule 13G/A indicates T. Rowe Price Associates, Inc. has sole voting power for 3,623,324 shares and sole dispositive power for 11,491,968 shares.

(3)
Based solely on information contained in the Schedule 13G/A filed with the SEC by Capital World Investors, on its own behalf, on February 13, 2013. The Schedule 13G/A indicates Capital World Investors has sole voting and sole dispositive power for 9,585,000 shares.

(4)
Based solely on information contained in the Schedule 13G/A filed with the SEC by The Growth Fund of America, Inc., on its own behalf, on February 13, 2013. The Schedule 13G/A indicates Capital World Investors has no voting or dispositive power for 9,585,000 shares, and may vote the shares in certain circumstances. According to the Schedule 13G/A, these shares may be separately reflected in the filing made by Capital Research Global Investors and/or Capital World Investors.

(5)
Based solely on information contained in the Schedule 13G filed with the SEC by The Vanguard Group, Inc., on its own behalf, on February 11, 2013. The Schedule 13G indicates The Vanguard Group, Inc. has sole voting power for 201,009 shares, shared dispositive power for 192,109 shares, and sole dispositive power for 6,794,071 shares.

(6)
Based solely on information contained in the Schedule 13G filed with the SEC by BlackRock, Inc. on its own behalf, on February 14, 2013. The Schedule 13G indicates BlackRock, Inc. has sole voting and sole dispositive power for 6,503,444 shares.

(7)
The number of shares shown for Mr. Cardis includes 10,533 shares of the Company's common stock pledged pursuant to the terms of a personal loan. This number of shares pledged is insignificant compared with 114,489,500 shares of the Company's common stock outstanding as of February 28, 2013. In addition, Mr. Cardis' stock holdings exceed the Company's stock ownership guidelines without taking into account these pledged shares.

Table of Contents

EXECUTIVE COMPENSATION AND OTHER INFORMATION

Executive Officers

Set forth below are the names and ages of each of our current executive officers, their positions with us, and summaries of their backgrounds and business experience. None of the executive officers has any family relationship with any other executive officer or any of our directors.

Michael A. Mussallem, age 60. Mr. Mussallem has been our Chairman and CEO since 2000. Prior to 2000, he held a variety of positions with increasing responsibility in engineering, product development and senior management at Baxter, including Group Vice President of its CardioVascular Group from 1994 to 2000 and Group Vice President of its Biopharmaceutical business from 1998 to 2000. Mr. Mussallem received his Bachelor of Science degree in Chemical Engineering from the Rose-Hulman Institute of Technology and was conferred an honorary Doctorate by his alma mater in 1999. He was a director of Advanced Medical Optics, Inc., from 2002 to 2009, where he chaired the Organization, Compensation and Corporate Governance Committee. Mr. Mussallem currently serves on the boards and executive committees of AdvaMed, California Healthcare Institute, and OCTANe Foundation for Innovation, and is a trustee of the University of California, Irvine Foundation.

Thomas M. Abate, age 59. Mr. Abate has been our Corporate Vice President, Chief Financial Officer since January 2006. From 2000 to 2006, he held positions of increasing responsibility with us, including Controller, Corporate Vice President, Financial Control and Operations, and was our Treasurer from 2006 through 2010. Mr. Abate earned a Bachelor's degree in Accounting from the University of Illinois and an MBA from Northern Illinois University.

Donald E. Bobo, Jr., age 51. Mr. Bobo has been our Corporate Vice President, Heart Valve Therapy since 2007 and is responsible for the Company's global surgical heart valve business, including valve replacement and repair devices. He has also served as our Vice President and General Manager of Transcatheter Mitral Repair and as Vice President, Corporate Strategy. Prior to joining the Company in 1995, Mr. Bobo served as Director/General Manager of the Non-Invasive Monitoring Business Unit of InnerSpace, Inc., a medical device startup company. He currently serves as a member of the Board of InnerSpace, Inc. and as a board observer of CardioKinetix, Inc., a healthcare equipment and supply company. Mr. Bobo holds a Bachelor's degree in Mathematics and a Master's degree in Engineering from the University of Southern California.

Bruce P. Garren, age 66. Mr. Garren has been our Corporate Vice President, Public Affairs and Special Counsel since January 2011, and is responsible for government affairs, global health economics and reimbursement, global communications, medical affairs, and specific legal matters. He previously served as our Corporate Vice President, General Counsel beginning in 2000, and was our Secretary from 2000 to 2004. Prior to joining the Company, Mr. Garren was Senior Vice President, General Counsel of Safeskin Corporation. He received his undergraduate degree from Antioch College, his law degree from Cornell Law School, and began his legal career as an associate at Arnold & Porter. He currently serves on the Board of the Alliance for Aging Research in Washington D.C.

John H. Kehl, Jr., age 59. Mr. Kehl has been our Corporate Vice President, Strategy and Corporate Development since 2000. Prior to 2000, he served in positions of increasing responsibility at Baxter. Mr. Kehl earned his Bachelor of Arts degree in Business and Economics from Loras College and received his MBA from Loyola University in Chicago.

Christine Z. McCauley, age 48. Ms. McCauley has been our Corporate Vice President, Human Resources since August 2012. Prior to assuming her current role, she served as the Company's

Table of Contents

Vice President, Human Resources since 1999. Prior to joining the Company, she held a variety of human resources positions at Texas Instruments, Loral (Ford) Aerospace, and Bally's Health and Tennis. Ms. McCauley is a member of the advisory board of Healthcare Businesswomen's Association Southern California Chapter. She earned a dual Bachelor's Degree in Business Administration and Organizational Effectiveness at The College at Brockport State University of New York, and received her Master's Degree in Human Resource Management from Chapman University.

Paul C. Redmond, age 49. Mr. Redmond is our Corporate Vice President, Global Corporate Operations, which includes responsibility for global supply chain, environmental health and safety, facilities, information technologies, process excellence, and global operations strategy. Prior to this, he was Corporate Vice President and General Manager of the Company's Cardiac Surgery Systems and Vascular businesses. Prior to joining the company in 2007, Mr. Redmond served as Vice President, CardioVascular Technologies and Vice President, New Product Development, at Cordis Cardiology, a Johnson & Johnson company. Mr. Redmond received his Bachelor's degrees in Mathematics and Mechanical Engineering from Trinity College in Dublin, Ireland, and also completed the IEP program at I.N.S.E.A.D., in Paris and Singapore.

Carlyn D. Solomon, age 50. Mr. Solomon is our Corporate Vice President, Critical Care and Vascular, and also has responsibility for corporate quality and regulatory affairs. Prior to joining the Company in June 2005, he served in a number of positions at Baxter, including interim President of the Company's BioScience Division, Vice President of Global Manufacturing, and Vice President of Global Operations. Mr. Solomon has served as an executive board member for the California Manufacturers and Technology Association and the Plasma Protein Therapeutics Association. He also served on the Board of The Baxter International Foundation. Mr. Solomon earned a Bachelor's degree in Industrial Engineering from Kansas State University.

Patrick B. Verguet, age 55. Mr. Verguet has been our Corporate Vice President, Europe, Middle East and Africa since 2004, and has been responsible for operations in Canada and Latin America since 2010 and 2012, respectively. Since 1984, he served the Company (or Baxter) in various positions including Vice President of Sales, Europe; Global Business Director for hemofiltration; Business Unit/Country Manager for the Company's operations in Western Europe; General Manager of the Company's operations in Utah; and Vice President and General Manager of the Company's Cardiac Surgery Systems business. Mr. Verguet holds a degree as Doctor in Pharmacy from the University of Besançon.

Huimin Wang, M.D., age 56. Dr. Wang is our Corporate Vice President, Japan and Asia Pacific. From 2004 to 2010, he served as our Corporate Vice President, Japan and Intercontinental and was Corporate Vice President, Japan from 2000 to 2004. Previously, he was a representative director of Baxter Limited, a Japan corporation. Dr. Wang earned his Doctor of Medicine degree from Kagoshima University in Japan and was a Resident and Staff Physician in anesthesiology at Keio University Hospital in Tokyo. He earned his MBA from the University of Chicago. Dr. Wang is a Visiting Associate Professor in the Department of Anesthesiology at Keio University.

Aimee S. Weisner, age 44. Ms. Weisner has been our Corporate Vice President, General Counsel since January 2011. From 2009 to 2010, she was engaged in private practice and served as legal advisor to publicly traded pharmaceutical and medical device companies located in Southern California. Prior to this, from 2002 to 2009, Ms. Weisner served in a number of positions at Advanced Medical Optics, Inc., including Corporate Vice President, General Counsel and Secretary; Executive Vice President, Administration, General Counsel and Secretary; and Executive Vice President, Administration and Secretary. From 1998 to 2002, Ms. Weisner served as Corporate Counsel and Assistant Secretary; and then Vice President, Assistant General Counsel and Assistant Secretary at Allergan, Inc. She received her Bachelor's degree in Communications from California State University, Fullerton, her law degree from Loyola Law School, Los Angeles, and began her legal career as an associate at the law firm of O'Melveny & Myers LLP.

Larry L. Wood, age 47. Mr. Wood is our Corporate Vice President, Transcatheter Valves, and is responsible for our key initiatives in transcatheter heart valve replacement. From March 2004 to February 2007, he served as Vice President and General Manager, Percutaneous Valve Interventions. From 2001 to 2004, he was the Vice President, Global Franchise Management. Since 1985, Mr. Wood served the Company (or Baxter) in various positions including in manufacturing management and as Senior Director of Regulatory Affairs and Clinical Studies for the Heart Valve Therapy business. Mr. Wood holds a Bachelor's degree in Business and an MBA from Pepperdine University.

For the year ended on December 31, 2012, our "Named Executive Officers" consisted of Messrs. Mussallem, Abate, Bobo, Solomon, and Verguet.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis provides disclosure about the objectives and policies underlying the Company's compensation programs for its Named Executive Officers. The Company's compensation programs for the Named Executive Officers are evaluated and approved by the Compensation Committee of the Board.

Executive Summary. Edwards Lifesciences provides life-saving products to people with cardiovascular disease, the number-one cause of death in the world. Our business is complex, competitive, and highly regulated. Managing our business well in this challenging environment has contributed significantly to our success. This requires talented and energetic leaders who work toward our goals and drive our continued success.

Compensation Program Highlights. At our 2012 Annual Meeting, our stockholders cast an advisory vote on our executive compensation policies and procedures. More than 96% of the votes cast supported these policies and procedures. The Compensation Committee engages in an ongoing review of the Company's executive compensation and benefits programs and makes changes as appropriate to reflect the Company's compensation philosophy and objectives and to serve the best interests of our stockholders. As a result, our executive compensation programs and processes reflect a number of best practices, including:

- An average of 82% of the total direct compensation (as defined below) of our Named Executive Officers is performance-based;
- Consistent with the views of our stockholders in an advisory vote at our 2011 Annual Meeting, we are providing our stockholders annually with an opportunity to vote, on an advisory basis, on the compensation of our executive officers;
- We provide our stockholders with an annual opportunity to evaluate and vote on proposed increases to the number of shares available for grant under the Long-Term Stock Program;
- Stock ownership guidelines target the Chairman and CEO to hold stock valued at six times his base salary and the other Named Executive Officers to hold stock valued at three times their base salary (targets must be met within five years of becoming an executive officer and maintained thereafter);
- The Compensation Committee is composed entirely of directors that the Board has determined are independent;
- The Compensation Committee retains an independent executive compensation consultant to provide advice regarding compensation levels and structure;
- In 2012, the Chairman and CEO amended his change-in-control severance agreement to eliminate the single trigger walk-away right;

Table of Contents

All change-in-control severance agreements now contain "double triggers" requiring both a change-in-control and a termination of employment within a specified period of time in order for severance benefits to be triggered;

Change-in-control severance agreements provide for benefits, if triggered, of no more than three times annual salary and bonus;

Change-in-control severance agreements do not include excise tax gross-up provisions;

We adopted a recoupment policy for performance-based compensation, pursuant to which, in the event of any restatement of financial statements of the Company, the Board, in appropriate circumstances, could seek to recover or cancel any incentive compensation paid that was in excess of what would have been paid under the restated financial statements;

Equity compensation is structured to vest over a multi-year period;

In 2012, the Company awarded performance-based restricted stock units to the Named Executive Officers that require achievement of performance goals over a three-year performance period;

We have never engaged in repricing of options and other equity awards granted under our equity compensation program;

We have an anti-hedging policy that prohibits any director and employee with a title of vice president or above from writing put or call options or otherwise buying or selling options on the Company's stock;

Executive officers are entitled to only limited executive perquisites as described below that do not include excise gross up payments; and

The Compensation Committee, with the assistance of an independent compensation consultant and internal legal resources, regularly conducts a review and assessment of the potential risks to the Company from its compensation program and policies.

Pay for Performance Philosophy. The Compensation Committee strongly believes that executive compensation should be tied to performance and strives to create a pay for performance culture. Our compensation objectives are to offer programs that emphasize performance-based compensation and align the financial interests of our executives with those of the Company's stockholders. Accordingly, on average, approximately 82% of the total direct compensation of our Chairman and CEO and our Named Executive Officers is at risk based upon the performance of the Company. As described in more detail below under "Elements of Compensation," we use three primary indicators of performance to determine annual incentive compensation: company-wide financial measures, company-wide operational and strategic goals, and individual performance. Long-term incentive awards are granted predominantly in the form of stock options and performance-based restricted stock units in order to better align the interests of our executives with those of our stockholders.

2012 Financial Performance. The company-wide financial measures used to determine 2012 incentive compensation consisted of goals for revenue growth, net income, and free cash flow. The

Table of Contents

following table shows the 2012 results for these three metrics compared against the 2012 targets and the comparable results for 2011 and 2010:

	2012 Actual	2012 Target	2011 Actual	2010 Actual
Revenue Growth*	16.2%	20.0%	11.0%**	12.7%
Net Income*	$ 312.8	$ 329.0	$ 259.6	$ 218.9
Free Cash Flow*	$ 262.9	$ 250.0	$ 215.0	$ 196.2

* Performance measures used in setting and determining incentive compensation are not calculated in accordance with Generally Accepted Accounting Principles ("GAAP") and reflect adjustments for items such as foreign exchange rates, divested businesses and other special items.

** Due to uncertainty in the timing of receiving Food and Drug Administration approval for commercial sale of the *SAPIEN* transcatheter heart valve in the United States, U.S. sales and launch related expenses resulting from this product were not included in the 2011 results.

In addition, we returned more than $353 million to our stockholders during 2012 through our stock repurchase program.

Stock Performance. Over the past five years, our stock price has increased 292%, outperforming the S&P 500 and our medical products peer group, the Morgan Stanley Healthcare Products index. The cumulative total returns based on investment of $100 on December 31, 2007, including the reinvestment of dividends, are reflected in the chart below:

Comparison of Cumulative Five Year Total Return

	2007	2008	2009	2010	2011	2012
Edwards Lifesciences Corp.	100	119	189	352	307	392
S&P 500	100	62	76	86	86	97
Morgan Stanley Health Care Products	100	80	99	106	112	136

One of the primary indicators of our pay for performance culture is the relationship of the growth in Chairman and CEO total direct compensation as compared to total stockholder return. Over the past five years, 70% of the Chairman and CEO's total direct compensation has been tied to the performance of the Company's stock. Over the past five years, total stockholder returns grew by 292%. In addition, the

Chairman and CEO did not receive a base salary increase from 2009 to 2012. Instead, the Compensation Committee has provided more incentive compensation and equity

Table of Contents

opportunities to maintain competitive total direct compensation for the Chairman and CEO. Given the strong performance of the Company, the Compensation Committee believes this relationship is in the best interests of our stockholders.

Compensation Philosophy and Objectives for the Named Executive Officers. Our compensation programs are designed to attract, retain, motivate, and engage executives with superior leadership and management capabilities to enhance stockholder value. Within this overall philosophy, our objectives are to:

- offer programs that emphasize performance-based compensation more than fixed compensation;
- align the financial interests of executives with those of the Company's stockholders; and
- provide compensation that is competitive.

We strongly believe that a significant amount of compensation for the Named Executive Officers should be composed of short- and long-term incentives, or at-risk pay, to focus the executives on competitive and strategic initiatives. The amount of such short- and long-term incentive compensation is dependent on achievement of annual Company goals, individual performance, and long-term increases in the value of the Company's stock.

The target total direct compensation for each Named Executive Officer consists of (i) base salary, (ii) Incentive Pay Objective (as defined below), and (iii) long-term incentive awards. The following chart illustrates the portions of the average 2012 target total direct compensation for the Named Executive Officers:

2012 Named Executive Officers

Average Target Total Direct Compensation Pay Mix

Compensation Process. The Compensation Committee is responsible for discussing, evaluating, and approving the compensation for the Chairman and CEO and the other Named Executive Officers, including the specific objectives and target performance levels to be included in our compensation plans. The Chairman and CEO and other members of our executive leadership team develop the Company's strategic plan as well as more detailed annual plans for execution. These plans are reviewed and approved by the Board. The Chairman and CEO then provides input to the Compensation Committee regarding the Company's plan, the strategic objectives, and the performance levels to be addressed by the compensation plans. In addition, the Chairman and CEO and the Company's Corporate Vice President, Human Resources, provide recommendations to the Compensation Committee regarding compensation for the Named Executive Officers (other than the Chairman and CEO). The Compensation Committee determines the compensation of the Chairman and CEO and reviews and approves the compensation of our other Named Executive Officers.

Table of Contents

The Compensation Committee retained Ernst & Young LLP ("E&Y") as an independent compensation consultant in 2012 to assist it in evaluating executive compensation programs and to provide competitive data for use in evaluating the compensation for the Named Executive Officers. E&Y provides additional consulting services to the Company, through a different business unit, with respect to corporate finance and tax planning. The Compensation Committee does not engage E&Y to provide the additional services. In 2012, the Company paid E&Y $338,821 for executive compensation consulting services and $267,575 for corporate finance and tax consulting services. In 2012, the Compensation Committee conducted a review of several compensation consultants and selected Semler Brossy Consulting Group ("Semler Brossy") to replace E&Y (due to the upcoming retirement of the E&Y consultant) as its independent compensation consultant for 2013. During the review process, the Compensation Committee took into account the six factor test that at the time was proposed, and has recently been adopted, by the SEC to analyze the independence of Semler Brossy, and determined that Semler Brossy is independent and that there were no conflicts of interest.

The Chairman and CEO and the Corporate Vice President, Human Resources, are invited to and regularly attend Compensation Committee meetings as non-voting guests. The Compensation Committee regularly meets in executive session without participation by the Chairman and CEO or other management representatives. Meetings of the Compensation Committee may only be called by members of the Compensation Committee. In addition, our Chairman and CEO and our Corporate Vice President, Human Resources, meet with the Compensation Committee's independent compensation consultant in preparation for Compensation Committee meetings, and the independent compensation consultant also regularly attends Compensation Committee meetings.

Use of Competitive Data. We target each Named Executive Officer's total direct compensation (base salary plus annual cash incentive payment plus equity compensation) to be at approximately the median for comparable positions at competitive peer companies. In determining the appropriate level of each component of compensation for a Named Executive Officer, the Compensation Committee also took into account its assessment of the Company's or business unit's general performance, as applicable for each executive, and the executive's tenure, experience, level of individual performance, and potential to contribute to the Company's future growth. Accordingly, a Named Executive Officer's actual compensation may be higher or lower than the median for their position. Consistent with our philosophy of emphasizing pay for performance, the total cash compensation packages are designed to pay above the target when the Company exceeds its goals and below the target when the Company does not achieve its goals. In the event threshold levels of performance are not attained, no annual incentive payment is earned. For purposes of establishing the value of equity awards, stock options are valued as of the grant date using the Black-Scholes valuation model, restricted stock units are valued at the fair market value of the underlying shares at the grant date, and performance-based restricted stock units are valued using a Monte Carlo simulation model.

In order to establish competitive compensation market data for the Named Executive Officers, the Compensation Committee's independent compensation consultant provides compensation data using public proxy information from companies primarily in the medical device industry that are chosen based on their market capitalization, revenue, complexity, extent to which the Compensation Committee believes they compete with the Company for executive talent, and geographic location (the "Comparator Group"). The composition of the Comparator Group is reviewed periodically to monitor the appropriateness of the profiles of the companies included so that the group continues to reflect the Company's competitive market and provides statistical reliability. The most recent review

Table of Contents

of the Comparator Group for pay decisions in 2012 was conducted in November 2011. For 2012, the Comparator Group consisted of the following companies:

Edwards Lifesciences 2012 Comparator Group

Allergan, Inc.	Masimo Corp.
Becton Dickinson & Co.	Medtronic, Inc.
Boston Scientific Corp.	PerkinElmer, Inc.
C. R. Bard, Inc.	ResMed, Inc.
CareFusion, Inc.	St. Jude Medical, Inc.
Covidien plc	Stryker Corp.
Gen-Probe, Inc.	Thoratec Corp.
Hospira, Inc.	Varian Medical Systems, Inc.
Illumina, Inc.	Zimmer Holdings, Inc.
Integra Lifesciences Holding Corp.	

In January 2012, the Company ranked approximately at the median of this group in terms of market capitalization. Compensation data are generally regressed for market capitalization to ensure that the data are not distorted by larger companies. Regression analysis is a commonly used technique to size-adjust data, which allows for more statistically valid comparisons. Many factors go into the regression analysis. The key measure used in our regression model is market capitalization. Based on this measure, the regression formula correlates and adjusts the raw data for base salary, total cash compensation, and total direct compensation to predict those items based on the market capitalization for each of the peer companies. These adjusted amounts are then used to develop the competitive benchmarks.

Although data from the Comparator Group are the primary data input for compensation decisions for the Named Executive Officers, the Compensation Committee also considers compensation data for companies in the high technology, life sciences, and medical device industries reported in the following nationally recognized surveys: Hewitt Total Compensation Management Executive Compensation United States, Radford Global Lifesciences Survey, Radford U.S. Executive Survey, Mercer Benchmark Database (Executive Positions), and SIRS Executive Compensation Survey. These data are used to verify the reasonableness of the results from the Comparator Group related to base salary and total cash compensation. The Compensation Committee considers the survey data generally, without focusing on any one particular group or sub-set of companies included in the data (other than the Comparator Group identified above). The Compensation Committee believes it is appropriate to refer to these additional data because the Company competes with these types of companies for executive talent. If the results of the Comparator Group vary significantly from the data from the other surveys, the Compensation Committee will consider such information in its decision-making process. To date, reference to the data from the other surveys has not resulted in a change to the decisions based on the Comparator Group.

When compared to the competitive data based on the 2012 Comparator Group, the average base salary compensation paid to the Named Executive Officers for 2012 was 1.56% below the median, average total cash compensation was 1.5% above the median, and average total direct compensation was 3.5% above the median. The following charts illustrate the total direct compensation of our Chairman and CEO as reported in our 2012 proxy statement and the total stockholder return for the Company's common stock for the previous one, three, and five years, compared to the same data for our 2012 Comparator Group:

	CEO Total Direct Compensation (Average) (in thousands)				Total Shareholder Return (Average)		
Company	**2012 Proxy Statement Data**	**Prior 3 FYs**	**Prior 5 FYs**	**Company**	**Most Recent FY**	**Last 3 FYs**	**Last 5 FYs**
2012 Comparator Group				**2012 Comparator Group**			
90th Percentile	**$ 13,167**	**$ 13,703**	**$ 11,858**	**90th Percentile**	**44.1%**	**17.5%**	**11.5%**
75th Percentile	**$ 11,176**	**$ 10,844**	**$ 9,567**	**75th Percentile**	**23.6%**	**10.6%**	**7.9%**
Median	**$ 9,323**	**$ 9,307**	**$ 9,084**	**Median**	**15.5%**	**4.2%**	**0.4%**
25th Percentile	**$ 7,235**	**$ 6,193**	**$ 6,042**	**25th Percentile**	**9.2%**	**2.3%**	**-2.4%**
Edwards Lifesciences	**$ 6,210**	**$ 6,083**	**$ 5,947**	**Edwards Lifesciences**	**34.3%**	**37.8%**	**56.2%**
Percentile	**15.8%**	**24.2%**	**12.3%**	**Percentile**	**87.3%**	**Maximum**	**Maximum**

Elements of Compensation. The compensation package for each Named Executive Officer consists primarily of (a) base salary, (b) an annual cash incentive payment based on attainment of pre-established financial measures and operating goals and individual performance, and (c) long-term stock-based incentive awards designed to further align the interests of the Named Executive Officers with those of the Company's stockholders. Each of these three components of compensation is intended to promote one or more of the Company's objectives of designing executive compensation that is competitive, is performance-based, and aligns the interests of the executives with the Company's stockholders.

Base Salary. In determining a Named Executive Officer's base salary, the Compensation Committee considers the following factors in addition to competitive data: responsibilities, tenure, prior experience, and expertise; individual performance as measured against performance management objectives; future potential; and internal equity. Base salary is the only fixed compensation element of executive compensation, and satisfies the compensation objective of providing competitive compensation that will help attract and retain qualified executives. Base salary is also intended to provide a certain level of security and continuity from year to year. The Compensation Committee reviews each Named Executive Officer's base salary each year in February and any approved changes are effective beginning the first pay period in April. The base salary for the Chairman and CEO is established in a similar manner and is described more fully under "Employment and Post-Termination Agreements," below.

Base salaries in 2012 for the Named Executive Officers were increased by an average of approximately 4% from the level in effect for 2011. Base salaries for these Named Executive Officers on average comprised approximately 18% of their total direct compensation in 2012, compared to approximately 19% of their total direct compensation in 2011.

Annual Cash Incentive Payment. All of the Named Executive Officers and many other management and non-management level salaried employees (approximately 2,050 employees) participated in the Edwards Lifesciences 2012 Incentive Plan (the "Incentive Plan"). All participants in the Incentive Plan receive annual cash incentive payments that are tied to the achievement of corporate financial measures, operating goals, and individual performance, and the Plan provides no economic guarantee. The Compensation Committee, in collaboration with the Chairman and CEO, sets annual incentive performance goals each year based on the financial and operating goals in the Company's business plan for the year. The incentive payments for the year are determined when

achievement of the predetermined financial measures and operational goals are known, and individual performance can be assessed.

The Incentive Plan for the Named Executive Officers is structured to preserve the tax deductibility of payments under the Incentive Plan. As such, targets for all Named Executive Officers have been established and expressed as maximum amounts payable under the Incentive Plan. The Compensation Committee may then use "negative discretion" to reduce the payment based on performance results (corporate financial measures, operating goals, or individual performance) against pre-established objectives. By setting a high amount that can then be reduced, we are advised that the Incentive Plan meets the requirements of Section 162(m). See "Tax and Accounting Implications Policy Regarding Section 162(m)" below. A reduction from the maximum amount is not necessarily a negative reflection on performance. In applying negative discretion, the Compensation Committee also utilizes for each Named Executive Officer a reference target for annual incentive payments, the "Incentive Pay Objective," as the amount of incentive payment that will be earned for expected performance. For 2012, annual Incentive Pay Objectives for the Named Executive Officers were, on average, approximately 5% above the median of the Comparator Group and comprised approximately 15% of their total direct compensation.

The following illustration shows how the cash incentive payment for a participant in the Incentive Plan is determined, subject to the limitation that an individual's incentive payment will range from 0% -200% of his or her Incentive Pay Objective:

Incentive Pay Objective. As discussed above, the 162(m) targets established for the Named Executive Officers are maximum amounts payable in the event of over-achievement of pre-established objectives. Anticipating the application of negative discretion, the Compensation Committee establishes an annual Incentive Pay Objective for the Named Executive Officers so that the total cash compensation (base salary plus incentive payment for expected performance) will be at approximately the median of the Comparator Group.

Financial Measure Achievement. The Incentive Pay Objective is multiplied by the percentage of the pre-established Company financial measure achievement. No incentive payment is paid if actual performance associated with Company financial goals is not in excess of a pre-established minimum threshold. If the Company achieved the maximum level specified for each financial goal, the maximum incentive achievement for this measure would be 175%.

For 2012, the Company's financial goals, and the corresponding weightings, were as follows: revenue growth (50% weighting); net income (30% weighting); and free cash flow (20% weighting). The following table sets forth the target level for each such goal as well as the level of achievement required to earn the various levels of the Financial Measure Achievement. Interpolation is applied for results between the levels shown in the chart.

Table of Contents

2012 Company Financial Performance Measures*

Percentage of Financial Measure Achievement	Revenue Growth 50% Weight	Net Income ($M) 30% Weight	Free Cash Flow** ($M) 20% Weight
0%	Less than 11%*	Less than $306.0*	Less than $225.0*
25%	11%*	$306.0*	$225.0.0*
100%	20%*	$329.0*	$250.0*
175%	27%*	352.0*	$275.0.0*

*

Performance measures used in setting and determining incentive compensation are not calculated in accordance with GAAP and reflect adjustments for items such as constant foreign exchange rates, divested businesses, and other unusual items.

**

Defined as cash flow from operations less capital expenditures.

Key Operating Driver Achievement. The product of the Incentive Pay Objective and the Financial Measure Achievement is multiplied by the level of achievement of pre-established key operating drivers (the "KODs"). The Company establishes KODs each year to address specific business initiatives consistent with the Company's confidential internal strategic and operating plans. The KODs address specific business units, products and product lines, and focus the executive team on the areas and initiatives most important to the Company's future success. The Company has established a range of performance for each KOD. These ranges are established with the expectation that the target range should be achievable with the expected level of performance. Performance within the expected range results in a multiplier of 100%. Performance below the range is considered sub-optimal and will result in a reduction of the multiplier below 100%. Performance above the range is considered extraordinary and results in an increase of the multiplier above 100%, to a maximum of 150%.

In 2012, there were four KODs, as follows:

- lead the global transformation of aortic valve disease treatment ("KOD #1");
- extend leadership in structural heart disease ("KOD #2");
- improve therapeutic decisions and clinical outcomes through acute care monitoring ("KOD #3"); and
- build capabilities and infrastructure to seamlessly support transformational growth ("KOD #4").

The following chart illustrates the impact of the performance with respect to each KOD on the KOD multiplier, and the actual 2012 KOD performance. Actual KOD performance can range from 0% to 200%. The aggregate KOD multiplier can be as low as 0% and may not exceed 150%. Interpolation is applied for results between the levels shown in the chart.

Determination of 2012 Key Operating Driver Multiplier

Key Operating Driver	Target	Actual
KOD #1	60%	90%
KOD #2	15%	8%
KOD #3	15%	9%

KOD #4	10%	10%
Total KOD Multiplier	100%	117%

Based upon the KOD performance described above, the Compensation Committee concluded that the 2012 KOD multiplier was 117%.

Table of Contents

Individual Performance Objective Multiplier. Finally, the result of the above calculation is multiplied by the Individual Performance Objective Multiplier. The individual performance objectives for the Chairman and CEO are established by the Compensation Committee, and the individual performance objectives for each Named Executive Officer (other than the Chairman and CEO) are established collaboratively by the Chairman and CEO and each such executive. Each executive has an appropriate number of meaningful individual performance objectives. In choosing the individual performance objectives, the Chairman and CEO and the Compensation Committee strive to create objectives, the attainment of which are designed to implement the Company's strategic and operating plans, with a focus on the achievement of the financial measures and operational goals within each executive's individual area of responsibility.

These objectives are considered in the aggregate to determine an overall performance modifier for each Named Executive Officer for the purposes of the compensation formula. Although some of the individual performance objectives are expressed in qualitative terms that require subjective evaluation, objectives also include several quantitative measures. However, the determination of the overall performance modifiers for each Named Executive Officer also involves a subjective process. The Chairman and CEO reviews the performance of each Named Executive Officer with the Compensation Committee and recommends the performance modifier for each executive. The Compensation Committee then exercises judgment, assigning a percentage of achievement for purposes of the compensation formula. This process involves reviewing the individual performance objectives, the overall performance of the individual executive against all of his or her individual objectives, taken together, and the executive's performance relative to the environment and to other executives. There is no formal weighting of the individual performance objectives. Individual performance objective multipliers may range from 0% to 200%. If an executive achieves less than 100% of his or her individual performance objectives, his or her incentive compensation is decreased from the level determined by the other factors, and if an executive achieves more than 100% of his or her individual performance objectives then that executive's incentive compensation is increased above the level determined by the other factors.

The individual performance objectives established by the Compensation Committee for the Chairman and CEO and the other Named Executive Officers and the factors considered by the Compensation Committee for 2012 are described below.

Mr. Mussallem: Mr. Mussallem's performance objectives were to: develop and execute corporate strategy; achieve Company financial goals and Key Operating Drivers; increase stockholder value; drive innovation and product leadership; attract and retain talented employees; promote a culture of ethical business practices and social responsibility; and provide leadership as Board Chairman. The Compensation Committee assessed Mr. Mussallem's 2012 performance against each objective. In particular, they noted his: (i) success in implementing an increased strategic focus for the Company; (ii) strong oversight of important product-specific and infrastructure-related strategic initiatives; (iii) successfully attracting and retaining talent and planning for the future; (iv) promoting a culture of ethical business practices and social responsibility; and (v) encouraging strong corporate governance and an open and trusting Board environment. In making its evaluation, the Compensation Committee observed that Mr. Mussallem maintained focus on execution of the Company's strategy in order to deliver long-term superior stockholder value; strengthened the pipeline of future new products; and strengthened infrastructure, in particular quality systems, to support future growth.

Mr. Abate: Mr. Abate's performance objectives were to: ensure the Company's financial reporting maintains the highest integrity; maximize the Company's internal financial department's contribution to the Company's long-term financial success; work to enhance the Company's financial health; maintain a high standard of investor relations; attract and retain talented employees to the Company's global finance team; maximize the Company's capital capacity; and enhance stockholder

Table of Contents

returns. The Compensation Committee determined Mr. Abate's 2012 performance objective multiplier by evaluating his performance against each objective. In particular, they noted how the finance team led the development of solid financial guidance, remained focused on building investor confidence, and continued to build and retain strong finance talent.

Mr. Verguet: Mr. Verguet's performance objectives were to: achieve 2012 European, Canadian, and Latin American key operating drivers and financial goals; drive new product introductions in Eastern Europe, Middle East, Africa, and Canada; drive innovation and product leadership; enhance leadership in key franchises; attract, develop and retain talented employees; and promote a culture of ethical business practices and social responsibility. The Compensation Committee determined Mr. Verguet's 2012 performance objective multiplier by evaluating his performance against each objective. In particular, they noted his recently expanded scope to include Latin America, his continued leadership for the results of the European and Canadian regions and effectively managing the very difficult European economic climate, and developing talent.

Mr. Solomon: Mr. Solomon's performance objectives were to: develop, evolve and execute the strategy to transform the Critical Care business to consistently deliver significant sales growth with improving profitability; achieve the financial goals for the Critical Care business; meet 2012 product development Key Operating Drivers; attract, develop, and retain talented employees; promote a culture of customer focus, innovation, and operational excellence; and ensure quality compliance leadership. The Compensation Committee determined Mr. Solomon's 2012 performance objective multiplier by evaluating his performance against each objective. In particular, they noted his leadership of the Critical Care business as well as overall operations, his focus on quality compliance and his ability to attract, develop, and retain talented employees.

Mr. Bobo: Mr. Bobo's performance objectives were to: develop, evolve, and execute the strategy for the Surgical Heart Valve business to consistently deliver sales growth and achieve the financial goals for the Surgical Heart Valve business; meet 2011 product development Key Operating Drivers; attract, develop, and retain talented employees; and promote a culture of customer focus, innovation, and operational excellence. The Compensation Committee determined Mr. Bobo's 2012 performance objective multiplier by evaluating his performance against each objective. In particular, they noted his global leadership of the Surgical Heart Valve business, his success in seamlessly expanding heart valve capacity in support of THV growth, his drive to expand the business internationally, and his leadership of the innovative *INTUITY* and *GLX* next generation heart valve platforms.

Committee Review Process. The Compensation Committee meets each February to review and approve annual incentive payments for the prior year and to set incentive performance targets for the current year. The Compensation Committee may adjust the incentive payment levels based on Financial Measure Achievement, KOD Achievement, Individual Performance Objective Multiplier, and total stockholder return. In February 2013, after reviewing the Company's 2012 performance versus financial and operational goals, total stockholder return performance, and business segment performance, the Compensation Committee awarded incentive payments totaling approximately $2 million to the Named Executive Officers. The amount awarded to the Named Executive Officers, as a group, represented approximately 87% of the incentive pay target for the Named Executive Officers (including the Chairman and CEO), even though the percentage received by each Named Executive Officer was different. The amount awarded to each Named Executive Officer for 2012 is reported in the Summary Compensation Table. The incentive payments were paid in March 2013.

In connection with setting 2012 compensation and the incentive compensation provided to the Named Executive Officers, the Compensation Committee considered the risk profile of the Company's compensation programs, policies, and practices and determined that the Company's incentive compensation does not encourage unnecessary or excessive risks and that the compensation policies and practices are not reasonably likely to have a material adverse effect on the Company. In making this determination, the Compensation Committee considered the views of the Company's compensation staff and legal counsel, as well as outside compensation consultants.

Long-term Incentive Awards. The long-term incentive awards are designed to: (i) enhance the value of the Company (and, ultimately create stockholder value) by aligning participants' interests more closely to those of the Company's stockholders and by providing participants with an incentive to manage the Company from the perspective of an owner; and (ii) retain qualified employees.

We grant long-term incentive awards in the form of stock options, performance-based restricted stock units and restricted stock units to eligible employees (including the Named Executive Officers) under the Long-Term Stock Program. The Long-Term Stock Program was last approved by the stockholders in May 2012. The combination of options, performance-based restricted stock units and restricted stock units allows the Company to maintain a competitive compensation program.

At the Compensation Committee meeting immediately preceding the stockholder meeting in May of each year, the Compensation Committee determines the size of the long-term incentive award for each Named Executive Officer based on competitive total direct compensation targets for the executive along with such executive's level of responsibilities, ability to contribute to and influence long-term results of the Company, and individual performance. In making individual awards, the Compensation Committee considers factors similar to those taken into account in establishing non-equity incentive compensation. Also taken into account are benchmarking data from the Comparator Group, as well as a subjective determination regarding the individual executive's potential for contributing to the Company's future success. Of these factors, the ability to influence the Company's long-term goals and individual performance are weighted most heavily. In keeping with the Company's commitment to provide a total compensation package that emphasizes at-risk components of pay, long-term incentives for 2012 comprised, on average, 67% of the value of the Named Executive Officers' total direct compensation package.

For 2012, a benchmark guideline expressed as a dollar value was established for each Named Executive Officer. Using the benchmark guideline, the Chairman and CEO evaluated each executive's performance (other than himself), as discussed previously (see "Compensation Process" above), and established specific recommendations for the Compensation Committee's consideration. Accordingly, individual executive awards may and do vary from the benchmark guideline. Furthermore, the benchmark values used by the Compensation Committee are estimates only and are not indicative of the actual value that will be realized from the awards. The Compensation Committee evaluated the Chairman and CEO's performance using the same criteria as discussed above in "Compensation Process" to establish the appropriate award for the Chairman and CEO. For 2012, the approved long-term incentive value was delivered using a combination of stock options, restricted stock units and performance-based restricted stock units, with the Chairman and CEO receiving 67% stock options and 33% performance-based restricted stock units. Mr. Abate received 54% stock options, 20% restricted stock units, and 25% performance-based restricted stock units. All other Named Executive Officers received 70% stock options and 30% performance-based restricted stock units. Stock options were more heavily weighted in the allocation to focus the Named Executive Officers on the creation of stockholder value over the long-term.

Stock options granted during 2012 have an exercise price equal to the closing price on the day of Compensation Committee approval. As discussed above, the Compensation Committee approved the 2012 awards for the Named Executive Officers at its meeting in May 2012. Stock options granted to Messrs. Mussallem and Abate vest monthly over twenty-four months, each with a seven-year term, consistent with vesting standards established for executives who were retirement-eligible before May 12, 2011. Stock options granted to Messrs. Solomon, Verguet, and Bobo vest annually over four years and have a seven-year term.

Table of Contents

Restricted stock units awarded in 2012 to Mr. Abate and other employees become 50% vested on the third anniversary of the grant and 100% vested on the fourth anniversary of the grant. Upon termination, retirement-eligible employees receive 25% of the restricted stock unit awards for each full year of employment with the Company measured from the grant date. To be retirement-eligible, an employee must be 55 years of age or older and have 10 or more years of service with the Company. As of December 31, 2012, Messrs. Mussallem, Abate, and Verguet were the only retirement-eligible Named Executive Officers.

Performance-based restricted stock units awarded in 2012 to Named Executive Officers and other executive officers will vest on May 9, 2015. The number of shares issuable upon vesting of these performance-based restricted stock units will range from 0% to 175% of the target number of shares subject to the award and depend on satisfaction of applicable performance requirements over a three-year performance period.

The awards made to the Named Executive Officers for 2012 are set forth in the accompanying "Grants of Plan-Based Awards in Fiscal Year 2012" table.

Stock Ownership Guidelines. Under guidelines adopted by the Company, the Chairman and CEO is targeted to own shares of Company stock with an aggregate market value at least equal to six times his current base salary; the other Named Executive Officers are targeted to own shares with an aggregate market value at least equal to three times the executive's current annual base salary. Shares that count toward meeting the guidelines include the shares held directly or under Company plans, restricted stock and restricted stock units, and 25% of the value of vested in-the-money stock options. Executives are expected to meet the guidelines within five years of becoming an executive officer and are expected, absent unusual circumstances, to maintain or exceed their target ownership levels. Stock ownership guidelines were established to create additional owner commitment and to emphasize stockholder value creation. Target ownership levels are adjusted as the executives' annual base salaries change. As of December 31, 2012, each Named Executive Officer had achieved his targeted level of stock ownership within the allotted time.

Market Timing of Equity Awards. The Company does not have any program, plan, or practice to time option grants to its Named Executive Officers (or any other optionee) in coordination with the release of material information. Annual equity awards for the Named Executive Officers are generally made at the Compensation Committee meeting in May of each year. Any other equity awards to Named Executive Officers, including grants to new hires, are generally made on the date of the next available regularly scheduled Board meeting.

Benefits. The Named Executive Officers are eligible to participate in employee benefit programs generally offered to other employees of the Company including, for all Named Executive Officers (other than Mr. Verguet) the Edwards Lifesciences Corporation 401(k) Savings and Investment Plan ("401(k)"), which provides for a Company matching contribution. These benefits generally provide, on average, approximately 6.0% of the value of the Named Executive Officer's total cash compensation. In addition, the Company provides certain other perquisites to its Named Executive Officers that are not generally available to the Company's employees. The Company believes that providing these perquisites is a relatively inexpensive way to enhance the competitiveness of the executive's compensation package. These perquisites are described below and reported in the "Summary Compensation Table."

The Company's perquisite program for the Named Executive Officers includes:

Car Allowance A monthly car allowance is paid as follows: $1,100 for the Chairman and CEO, $900 for the other U.S.-based Named Executive Officers, and approximately $3,000 for the Corporate Vice President, Europe, Middle East, Africa, Latin America and Canada. The car allowance is intended to cover expenses related to the lease, purchase, insurance, and maintenance of a vehicle, and mileage for business use. It is provided in recognition of the need to have executive officers visit customers, business partners, and other stakeholders in order to fulfill their job responsibilities. This travel causes wear and tear on personal vehicles and increases fuel expenses. The car allowance eases the administrative burden of tracking mileage and wear-and-tear each time travel occurs.

Executive Physical Examination Named Executive Officers are reimbursed for an annual executive physical examination, generally ranging from $1,300 to $3,700). Each of the Named Executive Officers is entitled to receive an annual comprehensive executive physical examination. This benefit encourages the proactive management of the executive's health, helping best position the executive team to be able to address the on-going and day-to-day issues facing the Company.

Flexible Allowance Named Executive Officers receive a flexible allowance for certain qualifying expenses of an annual maximum of $40,000 (plus two club memberships, at a combined cost of $9,281 in 2012, that are being used for corporate business purposes) for the Chairman and CEO, and a maximum of $20,000 for the other Named Executive Officers. This benefit recognizes the diverse nature of expenses that have a business nexus that may be incurred by the Company's executive officers, including airline clubs, cellular phone, club memberships, and home office equipment. The allowance may also be used to cover certain personal financial, estate, and tax planning costs as the company believes that it is in the best interest for the executives to have professional assistance in managing their total compensation so that they can focus their full attention on growing and managing the business. The allowance may also be used for certain spousal travel when an executive attends a business function where the Company has determined it is appropriate for an executive to take their spouse. The benefits covered by the flexible allowance are useful for conducting job-related business or are provided to permit executives to focus their full attention on growing and managing he business.

The Compensation Committee conducts an annual review of the competitiveness of the Company's perquisite program, the individual components and levels against the perquisite programs of companies in the Comparator Group. As a result of these reviews, the Compensation Committee may make adjustments as it determines to be appropriate. No such changes were made for fiscal 2012. Also, the Audit Committee periodically reviews actual benefit usage.

Pension. Mr. Verguet participates in the Company's pension plan applicable to its salaried employees at its Nyon, Switzerland facility (see the section "Pension Benefits" below). The Company does not have any pension plans in which any of the other Named Executive Officers participate.

Deferred Compensation. The Company has adopted a deferred compensation plan for the Named Executive Officers and certain other management employees to enable them to save for retirement by deferring their income and the associated tax to a future date or termination of employment. Under the Executive Deferred Compensation Plan (the "EDCP"), the Named Executive Officers and other key employees have the opportunity to defer compensation to future dates specified by the participant with a return based on investment alternatives selected by the participant. The Company believes that the EDCP is comparable to similar plans offered by companies in the Comparator Group.

In 2001, the Company adopted the EOP, a nonqualified option plan for the benefit of its executives and other key employees. The EOP permitted participants to elect to forego all or a portion of their compensation (base salary and bonus) and receive instead options to purchase shares of mutual funds or common stock of the Company. The Company discontinued participation in the EOP on December 31, 2004. The outstanding options under the EOP are fully vested. The participating Named Executive Officers are entitled to receive payment of dividend equivalents on outstanding options they hold under the EOP in accordance with the terms of the EOP.

Table of Contents

The amounts deferred and accrued under the EDCP and the EOP for the Named Executive Officers are reported below in the "Summary Compensation Table" and the "Nonqualified Deferred Compensation Table."

Employment and Post-Termination Agreements. The Company has entered into an employment agreement with its Chairman and CEO as well as change in control severance agreements with the Chairman and CEO and the Company's other Named Executive Officers as discussed below. Messrs. Abate, Bobo and Solomon are eligible to participate in a severance plan for eligible employees to receive severance benefits upon an involuntary termination of employment due to the elimination of their position or a reduction in workforce.

Chief Executive Officer Employment Agreement. The Company's employment agreement with the Chairman and CEO, Mr. Mussallem, was approved by the Compensation Committee, and provides for his appointment as Chief Executive Officer, an annual base salary, bonus, and long-term incentive awards as determined by the Board, and, in certain circumstances, severance payments upon termination of employment.

Mr. Mussallem's base salary is reviewed and may be adjusted annually based on: (i) the Compensation Committee's review of the Comparator Group data in consultation with the Compensation Committee's compensation consultant, and (ii) Mr. Mussallem's performance. The Compensation Committee followed the same philosophy and programs described above for executives in determining 2012 compensation for Mr. Mussallem. In addition, the Compensation Committee reviewed a tally sheet prepared by its independent compensation consultant which affixed a dollar amount to all components of Mr. Mussallem's compensation, including current compensation, equity awards, benefits, and potential severance payments. The Compensation Committee believes, after reviewing Mr. Mussallem's total direct compensation, individual performance and contribution to the Company's financial results during 2012, that Mr. Mussallem's total compensation and each component thereof were in line with the Company's compensation philosophy and objectives.

If Mr. Mussallem's employment is involuntarily terminated by the Company without "cause," as defined in the employment agreement, the Company is required to pay certain severance benefits if he is not receiving the severance benefits under his change in control severance agreement. The material terms of the severance arrangement are described in the section "Potential Payments Upon Termination or Change in Control," below.

Change in Control Severance Agreements. The Company has entered into agreements with its Named Executive Officers pursuant to which such individuals would be provided certain payments and benefits in the event of termination of employment following a change in control of the Company. The Company believes that this program enhances the likelihood of retaining the services of such officers in the event the Company was to become an acquisition target and allows the Named Executive Officers to continue to focus their attention on the Company's business operations, stockholder value, and the attainment of long-term and short-term objectives without undue concern over their employment or financial situations.

The Compensation Committee, with input from its independent compensation consultant, reviews the terms of the agreements including the level of severance benefits, periodically. As a result of this review in 2012, certain changes were made to the agreements, including among other things, removal of the excise tax gross-up provisions, and elimination of the Chairman and CEO's right to receive severance benefits upon a voluntary termination of his employment at any time during the thirteenth month following a change in control. The material terms of the agreements are described in the section "Potential Payments Upon Termination or Change in Control," below.

Table of Contents

The Company believes that the level of severance payments is fair and reasonable based on the years of service of the Named Executive Officers and the value the Company would derive from the services provided by the executives with change in control severance agreements prior to, and following, a change in control.

Tax and Accounting Implications.

Policy Regarding Section 162(m). Section 162(m) generally limits the corporate deduction for annual compensation deemed paid to the named executive officers, excluding the Chief Financial Officer, to $1,000,000 per individual, unless that compensation qualifies as performance-based under Section 162(m). The Compensation Committee considers the impact of this tax code provision and attempts, to the extent practical and consistent with the Company's compensation philosophy, to implement compensation policies and practices that maximize the tax benefits to the Company's stockholders. The Long-Term Stock Program is a stockholder-approved plan which has been structured so that any compensation deemed paid in connection with the exercise of stock options will qualify as performance-based compensation not subject to the $1,000,000 limitation. The awards to the Named Executive Officers under the Incentive Plan for 2011 and 2012 are intended to qualify as performance-based compensation so as not to be subject to the $1,000,000 limitation.

Compensation that does not qualify as "performance-based" under Section 162(m) paid to the Named Executive Officers in 2012 exceeded the $1,000,000 limitation by $1,246,252, primarily as a result of the vesting of certain restricted stock units. The Compensation Committee recognizes the importance of preserving the Company's ability to design compensation programs to attract and retain skilled and qualified individuals in a highly competitive market. The Compensation Committee will continue to design salary, annual incentive bonuses, and long-term incentive compensation in a manner that the Compensation Committee believes prudent or necessary to hire and retain the Company's Named Executive Officers, and some of the compensation deemed paid to these executives may be nondeductible.

Accounting for Stock-Based Compensation. The Company accounts for stock-based payments in accordance with applicable accounting guidance. The fair value of each award is estimated on the date of grant and expensed in the income statement over the vesting period for the award.

2013 Compensation Decisions. At its February 2013 meeting, the Compensation Committee approved average base salary increases of approximately 6% for the Named Executive Officers to maintain market competitiveness. The Compensation Committee also approved other base salary increases to recognize performance for other executives. In addition, the Compensation Committee established the Incentive Pay Objectives for each Named Executive Officer, and established the Company's 2013 financial measures and operational goals under the Incentive Plan.

Report of the Compensation and Governance Committee

The Compensation Committee has reviewed and discussed the "Compensation Discussion and Analysis" disclosure with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the "Compensation Discussion and Analysis" be included in the Company's Proxy Statement distributed in connection with the Company's 2013 Annual Meeting of Stockholders.

The Compensation and Governance Committee:
Mike R. Bowlin (Chairperson)
Robert A. Ingram
William J. Link, Ph.D.
Barbara J. McNeil, M.D., Ph.D.

Table of Contents

Executive Compensation

The Summary Compensation Table quantifies the value of the different forms of compensation earned by or awarded to our Named Executive Officers for 2012. The primary elements of each Named Executive Officer's total compensation reported in the table are base salary, an annual bonus, and long-term equity incentives consisting of stock options, performance-based restricted stock units and restricted stock units. Named Executive Officers also received the other benefits listed in the "All Other Compensation" column of the Summary Compensation Table, as further described in the footnotes to the table.

The Summary Compensation Table should be read in conjunction with the tables and narrative descriptions that follow. A description of the material terms of each Named Executive Officer's base salary and annual bonus is provided immediately following the Summary Compensation Table. The Grants of Plan-Based Awards in Fiscal Year 2012 table, and the accompanying description of the material terms of the stock options and stock unit awards granted in 2012, provides information regarding the long-term equity incentives awarded to Named Executive Officers in 2012. The "Outstanding Equity Awards at 2012 Fiscal Year-End" and "Option Exercises and Stock Vested in Fiscal Year 2012" tables provide further information on the Named Executive Officers' potential realizable value and actual value realized with respect to their equity awards.

Summary Compensation Table

The following table sets forth a summary, for the years indicated, of the compensation of the principal executive officer, the principal financial officer, and the three other most highly compensated executive officers of the Company whose total compensation for 2012 was in excess of $100,000 and who were serving as executive officers at the end of 2012. No other executive officers that would have otherwise been includable in such table on the basis of total compensation for 2012 have been excluded by reason of their termination of employment or change in executive status during that year.

Name and Principal Position	Year	Salary $(1)	Stock Awards $(2)	Option Awards $(2)	Non-Equity Incentive Plan Compensation $(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings $(4)	All Other Compensation $(5)	Total $
Mr. Mussallem	2012	825,000	1,875,735	3,661,715	881,000		144,436	7,387,886
Chairman of the Board and	2011	825,000	116,937	4,005,997	1,119,195		142,536	6,209,665
Chief Executive Officer	2010	825,000	133,128	3,559,500	1,143,500	15,587	152,303	5,829,018
Mr. Abate	2012	479,326	680,504	763,591	302,600		64,094	2,290,115
Corporate Vice President,	2011	446,769	345,240	848,675	361,760	4,270	58,106	2,064,820
Chief Financial Officer	2010	412,308	305,422	733,257	373,968	2,320	57,920	1,885,195
Mr. Verguet	2012	582,431	307,384	698,926	350,503	465,866	78,361	2,483,471
Corporate Vice President	2011	567,950		874,198	456,757	639,818	89,187	2,627,910
	2010	493,745		855,040	375,126	400,042	70,821	2,194,774
Mr. Solomon	2012	454,098	450,098	1,025,414	240,567		66,162	2,236,339
Corporate Vice President	2011	423,923		1,250,885	371,280		62,751	2,108,839
	2010	391,923		1,138,272	328,457		53,297	1,911,949
Mr. Bobo	2012	407,848	400,697	914,167	250,875		51,230	2,024,817
Corporate Vice President	2011	379,923		1,099,262	314,874		52,053	1,846,112
	2010	347,692		1,026,048	295,117		49,710	1,718,567

(1) Amounts shown for 2012 include amounts that were deferred into the EDCP as follows: Mr. Mussallem $119,094; Mr. Abate $26,302; Mr. Verguet $0; Mr. Solomon $40,776 and Mr. Bobo $166,718. The EDCP provides officers and other key employees the opportunity to defer compensation to future dates specified by the participant with a return based on investment alternatives selected by the participant. The EDCP is more fully described in the section following the "Nonqualified Deferred Compensation Plans" table below.

Table of Contents

Mr. Verguet's compensation is converted from Swiss Francs to United States Dollars. The conversion rate was determined by averaging the monthly intercompany exchange rate for the year. Mr. Verguet's base salary expressed in Swiss Francs for 2012, 2011, and 2010 was CHF 543,970, CHF 532,000, and CHF 514,425, respectively.

(2) The amounts reported in these columns reflect the aggregate grant date fair value of the stock awards and option awards, as applicable, during the applicable year. These values have been determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Company's financial statements. For a discussion of the assumptions and methodologies used to value the awards reported in these columns, please see the discussion of stock awards and option awards contained in Note 12 of the "Notes to Consolidated Financial Statements" in the Company's Annual Report on Form 10-K .

(3) Amounts shown in this column for 2012 were earned under the Incentive Plan based on achievement of performance criteria for 2012, as described in the "Compensation Discussion and Analysis." Amounts shown include amounts that were deferred into the EDCP as follows: Mr. Mussallem $0; Mr. Abate $302,600; Mr. Verguet $0; Mr. Solomon $0; and Mr. Bobo $87,806. Amounts earned but not deferred were paid to the executives in 2012.

(4) Amounts shown in this column for the individuals, other than Mr. Verguet, reflect dividend equivalents paid in cash under the Company's EOP. Please refer to the table under the heading "Executive Option Plan" below for a description of aggregate earnings in connection with this plan. Please refer to the section following the "Nonqualified Deferred Compensation Plans" table below for a description of the plan.

Mr. Verguet participates in the Company's pension plan for salaried employees at its Nyon, Switzerland facility (see the section, "Pension Benefits" below). The amounts shown in this column include employer contributions and investment earnings, and do not include regular employee contributions of approximately $60,723 in 2012, $58,225 in 2011 and $48,081 in 2010, and additional voluntary employee contributions of approximately $1,689,173 in 2012, $1,069,466 in 2011, and $862,134 in 2010. The amount of Mr. Verguet's regular employee contributions to the Nyon pension plan are reflected in the total amount included in the "Base Salary" column of the Summary Compensation Table for the applicable fiscal year.

(5) The "All Other Compensation" column includes the following amounts paid by the Company for the year ended December 31, 2012. The amounts disclosed are the actual costs to the Company of providing these benefits.

Type of Compensation	Mr. Mussallem	Mr. Abate	Mr. Verguet	Mr. Solomon	Mr. Bobo
401(k) Company Match	$ 10,000	$ 10,000		$ 10,000	$ 10,000
EDCP Company Contribution	$ 67,768	$ 18,893		$ 23,038	$ 12,888
Car Allowance or Company Car Lease Payments	$ 13,200	$ 10,800	$ 33,703	$ 10,800	$ 10,800
Reimbursement for Financial Planning Expenses	$ 40,000	$ 1,500	$ 15,360	$ 16,075	$ 9,150
Reimbursement for Airline Club Dues				$ 425	$ 375
Reimbursement for Club Membership Dues	$ 9,281	$ 18,073		$ 3,500	
Reimbursement for Home Office Supplies		$ 427	$ 630		$ 5,631

Personal Travel Expenses					$ 319
Reimbursement for Annual Physical Examination Expenses	$ 2,886	$ 3,650		$ 1,482	$ 1,354
Life Insurance Premiums	$ 1,301	$ 751	$ 28,668	$ 842	$ 713
Totals	$ 144,436	$ 64,094	$ 78,361	$ 66,162	$ 51,230

Employment Agreements. As described in the "Compensation Discussion and Analysis" section of this Proxy Statement, the Company entered into an amended and restated employment agreement with Mr. Mussallem on March 9, 2009. During 2012, the Company did not have employment agreements with the other Named Executive Officers. Provisions of Mr. Mussallem's employment agreement relating to post-termination of employment benefits are discussed under the applicable sections of this Proxy Statement.

Table of Contents

Grants of Plan-Based Awards in Fiscal Year 2012

The following table provides certain summary information concerning each grant of an incentive award made to Named Executive Officers in 2012 under a compensation plan.

			Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)							
Name	**Grant Date(1)**	**Approval Date**	**Threshold ($)**	**Target ($)**	**Maximum ($)**	**All Other Stock Awards: Number of Shares of Stock/Units (#)**	**All Other Option Awards; Number of Securities Underlying Options (#)**	**Exercise or Base Price of Option Awards ($/Sh)**	**Closing Price on Grant Date ($)**	**Grant Date Fair Value of Stock and Option Awards ($)(3)**
Mr. Mussallem				990,000(4)	1,980,000					
	4/3/2012	2/15/2012				1,480(5)				$ 108,277
	5/9/2012	5/09/2012				16,100(6)	166,400(8)	$85.45	$85.45	$5,429,173
Mr. Abate				340,000	680,000					
	4/3/2012	2/15/2012				362(5)				$ 26,484
	5/9/2012	5/09/2012				3,350(7)	34,700(8)	$85.45	$85.45	$1,049,848
	5/9/2012	5/09/2012				3,350(6)				$ 367,763
Mr. Verguet				361,065(4)	722,132					
	5/9/2012	5/09/2012				2,800(6)	28,900(9)	$85.45	$85.45	$1,006,310
Mr. Solomon				318,000(4)	636,000					
	5/9/2012	5/09/2012				4,100(6)	42,400(9)	$85.45	$85.45	$1,475,512
Mr. Bobo				290,600(4)	581,200					
	5/9/2012	5/09/2012				3,650(6)	37,800(9)	$85.45	$85.45	$1,314,864

(1) The Company's practice is to grant equity-based awards on the date the Compensation Committee takes action to approve such grants. However, certain grants made in connection with the transition of certain employees (including some of the Named Executive Officers) out of Baxter's pension plan are granted annually on the Company's founding anniversary and approved at the meeting of the Compensation Committee held in the preceding February. Please see footnote 5 below regarding an explanation of such transition grants.

(2) Awards payable under the Incentive Plan for 2012. See the discussion on "Annual Cash Incentive Payment" at page 24 for additional information. Amounts for Mr. Verguet were converted from Swiss Francs to United States dollars using an exchange rate of 1.09 CHF/USD.

(3) Amounts disclosed reflect the grant date fair value of the stock award or option award determined under the principles used to calculate the grant date fair value of equity awards for purposes of the Company's financial statements. For the assumptions and methodologies used to value the awards reported in this column, see

footnote 2 to the "Summary Compensation Table" above.

(4) The awards to Messrs. Mussallem, Verguet, Solomon, and Bobo under the Incentive Plan for 2012 were intended to qualify as performance-based compensation so as not to be subject to the $1,000,000 limitation under Section 162(m). See the discussions at page 24 on "Annual Cash Incentive Payment" and at Page 25 on "Incentive Pay Objective" for additional information. The amounts set forth above represent the Incentive Pay Objective anticipated to be paid for performance that meets pre-established objectives, after the exercise of negative discretion by the Compensation Committee.

(5) The Company is facilitating the transition of certain longer service salaried exempt employees (including some of the Named Executive Officers) out of the Baxter pension plan in connection with the spin-off of the Company from Baxter in 2000 by granting them annual equity-based awards to compensate them for their lost pension benefits. The annual transition grants will continue until the earlier of when the employee reaches age 65 or terminates employment with the Company. In 2012, these awards were in the form of restricted stock units.

On February 15, 2012, the Compensation Committee approved the transition grant eligible earnings for two Named Executive Officers: Mr. Mussallem and Mr. Abate. The number of restricted stock units awarded to each participant was determined by dividing the amount equivalent to the participant's 401(k)-eligible earnings for 2011 (as adjusted by a factor based on the participant's "points" under the Baxter pension plan) by the fair market value of the Company's common stock on the date of grant. On April 3, 2012, transition grants of restricted stock units were awarded under the Long-Term Stock Program. Vesting for employees who are retirement-eligible at termination is 25% per year of unvested units. The material terms of the restricted stock units are described in the section "Equity Incentive Plan Awards Restricted Stock Units" below.

(6) These are performance-based restricted stock units granted under the Long-Term Stock Program that vest based on a combination of certain service and market conditions. The material terms of the options are described in the section "Equity Incentive Plan Awards Performance-Based Restricted Stock Units" below.

(7) The restricted stock units are granted under the Long-Term Stock Program. Vesting for employees who are retirement eligible at termination is 25% per year of unvested units. The material terms of the restricted stock units are described in the section "Equity Incentive Plan Awards Restricted Stock Units" below.

(8) Options to acquire common stock are granted under the Long-Term Stock Program. Consistent with vesting standards established for executives who were retirement eligible before May 11, 2012, the options vest and become exercisable in twenty-four equal monthly installments beginning on June 9, 2012, and are subject to the officer's continued employment with the Company. The material terms of the options are described in the section "Equity Incentive Plan Awards Options" below.

(9) Options to acquire common stock are granted under the Long-Term Stock Program. The options vest and become exercisable in four equal annual installments beginning on May 12, 2013 subject to the officer's continued employment with the Company. The material terms of the options are described in the section "Equity Incentive Plan Awards Options" below.

Non-Equity Incentive Plan Awards.

The material terms of the non-equity incentive plan awards reported in the table above are described in the "Compensation Discussion and Analysis" section of this Proxy Statement under the heading, "Elements of Compensation Annual Cash Incentive Payment."

Equity Incentive Plan Awards.

Each of the equity incentive awards reported in the table above was granted under, and is subject to, the terms of the Long-Term Stock Program. The Long Term Stock Program is administered by the Compensation Committee. The Compensation Committee has authority to interpret the plan provisions and make all required determinations under the plan. Additional terms of the equity incentive plan awards reported in the table above are described in the "Compensation Discussion and Analysis" section of this Proxy Statement under the heading, "Elements of Compensation Long-term Incentive Awards" and in the footnotes accompanying the table above.

Under the terms of the Long Term Stock Program, if there is a change in control of the Company, each Named Executive Officer's outstanding awards granted under the plan will generally become fully vested and, in the case of options, exercisable. Specific terms regarding the effect of a change in control of the Company apply to performance-based restricted stock units as described below.

In addition, each Named Executive Officer may be entitled to accelerated vesting of his outstanding equity-based awards upon certain terminations of employment with the Company. The terms of this accelerated vesting are described in this section and in the section titled "Potential Payments Upon a Termination or Change in Control."

Options. Each option reported in the table above was granted with a per-share exercise price equal to the fair market value of a share of Company common stock on the grant date. For these purposes, and in accordance with our Long Term Stock Program and our option grant practices, the fair market value is equal to the closing price of a share of Company common stock on the applicable grant date.

Stock options granted to Messrs. Mussallem and Abate in 2012 become vested in monthly installments over the twenty-four month period following the grant date, consistent with vesting standards established for executives who were retirement-eligible before May 12, 2011. Stock options granted to Messrs. Solomon, Verguet, and Bobo in 2012 become vested annually over four years following the grant date. Once vested, each option will generally remain exercisable until its normal expiration date. Each of the options granted to our Named Executive Officers in 2012 has a term of seven years. However, vested options may terminate earlier in connection with a change in control transaction or a termination of the Named Executive Officer's employment (subject to any accelerated vesting that may apply pursuant to the terms of the executive's employment agreement or change in control severance agreement, as applicable). As in prior years, the options granted to Named Executive Officers during 2012 do not include any dividend rights.

Restricted Stock Units. The awards of restricted stock units granted to our Named Executive Officers in 2012 vest based solely on the executive's continued employment or service with the Company and must become vested over a minimum period of three years following the grant date of the award. Each restricted stock unit represents a contractual right to receive one share of Company common stock upon vesting of the unit. The restricted stock unit awards granted in 2012 to Messrs. Mussallem and Abate and other employees become vested as to 50% of the total number of units subject to the award on each of the third and fourth anniversaries of the grant date. Upon termination of employment, retirement-eligible employees vest in 25% of the restricted stock units subject to the award for each full year of employment with the Company measured from the grant date. To be retirement eligible, an employee must be 55 years of age or older and have ten or more years of service with the Company. As of December 31, 2012, the following Named Executive Officers were retirement eligible: Messrs. Mussallem, Abate, and Verguet.

Table of Contents

Holders of restricted stock units will not have any stockholder rights until the underlying shares are actually issued. However, the plan provides that dividend equivalent units may be paid or credited, either in cash or in actual or phantom shares of common stock on outstanding restricted stock units, subject to such terms and conditions as the Compensation Committee deems appropriate.

Performance-Based Restricted Stock Units. The table above reports awards of performance-based restricted stock units granted to our Named Executive Officers in 2012. Each performance-based restricted stock unit represents a contractual right to receive one share of Company common stock if the applicable performance-based and time-based vesting requirements are satisfied. The performance-based restricted stock units were granted to the Named Executive Officers on May 9, 2012 and have a three-year performance period commencing on April 1, 2012 and ending on March 31, 2015.

The number of shares of Company common stock issuable upon vesting of the performance-based restricted stock units depends on the achievement of applicable performance goals and will range from 0% to 175% of the target number of shares subject to the award. The performance-based restricted stock units become eligible to vest based on the percentile ranking of the Company's Total Shareholder Return ("TSR") for the three-year performance period when measured against the TSR of the companies in the Morgan Stanley Healthcare Product Companies Index (the "RXP") for the performance period. For purposes of the performance-based restricted stock unit awards granted in 2012, TSR means, as to both the Company and the companies included in the RXP, as the case may be, the average of the closing price of a share for each trading day during the quarter prior to the beginning of the performance period compared to the average of the closing price of a share for each trading day for the last quarter of the performance period, as determined by the Compensation Committee and subject to certain adjustments with respect to shares of the Company common stock and whether an entity remains in the RXP for the duration of the performance period. The percentage of the performance-based restricted stock units that become vested at the end of the performance period will depend on the Company's TSR percentile ranking at the end of the performance period as follows: if at less than the 25th percentile, no portion of the target award will become vested; if at the 25th percentile, 25% of the target award will become vested; if at the 50th percentile, 100% of the target award will become vested; if at the 74th percentile or above, 175% of the target award will become vested. The applicable percentage of the target award earned will be interpolated on a linear basis between the levels stated above. Any performance-based restricted stock units that do not become eligible to vest based on the performance requirements set forth above will be cancelled and automatically terminate as of the end of the performance period.

In general, if the Named Executive Officer's employment terminates during the performance period for any reason other than "cause" or "good reason" (as such terms are defined in the award agreement evidencing the performance-based restricted stock units), the performance-based restricted stock units will immediately terminate. If the Named Executive Officer's employment terminates due to a termination by the Company without cause, by the executive with good reason, or due to the executive's death, "disability" or "retirement" (as such terms are defined in the award agreement evidencing the performance-based restricted stock units) during the performance period, the performance-based restricted stock units will remain eligible to vest at the end of the performance period based on actual attainment of the performance goals, and the executive will receive a pro rata portion of the shares subject to the performance-based restricted stock unit award that otherwise would have become vested at the end of the performance period based on the whole months of service with the Company during the performance period. If there is a change in control of the Company during the performance period and prior to a termination of the executive's employment, the performance-based restricted stock units will automatically become vested as to 100% of the target number of shares subject to the award. In the event a change in control of the Company occurs following the last day of the performance period and prior to May 9, 2015, subject

Table of Contents

to the executive's continued employment through such date, the performance-based restricted stock units will immediately become vested as to the number of units that otherwise would have become vested as of such date.

Similar to restricted stock units described above, vested performance-based restricted stock units are payable in an equal number of shares of Company common stock. The Compensation Committee will determine the exact number of shares of Company common stock issuable pursuant the performance-based restricted stock units based on performance (if any) in May after the end of the performance period. Payment will generally be made within 60 days following the vesting date of May 9, 2015. Holders of performance-based restricted stock units will not have any stockholder rights until the underlying shares are actually issued.

Outstanding Equity Awards at 2012 Fiscal Year-End

The following table provides certain summary information concerning outstanding equity awards held by the Named Executive Officers as of December 31, 2012, including the vesting schedules for the portions of these awards that had not vested as of that date:

		Option Awards				Stock Awards	
Name	Award Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
Mr. Mussallem	5/11/2006	140,000		$ 21.96	05/10/2013		
	5/10/2007	318,000		$ 24.42	05/09/2014		
	5/8/2008	352,000		$ 27.77	05/07/2015		
	5/7/2009	416,000		$ 31.47	05/06/2016		
	5/13/2010	300,000		$ 50.96	05/12/2017		
	5/11/2011	150,968	39,732(2)	$ 89.23	05/11/2018		
	5/9/2012	48,532	117,868(2)	$ 85.45	05/08/2019		