

EDWARDS LIFESCIENCES CORP  
Form S-3  
June 18, 2004

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AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 18, 2004

REGISTRATION NO. 333-

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**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

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**FORM S-3**  
REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**EDWARDS LIFESCIENCES CORPORATION**  
(Exact name of Registrant as specified in its Charter)

**Delaware**  
(State or other Jurisdiction of  
Incorporation or Organization)

**36-4316614**  
(I.R.S. Employer Identification No.)

**One Edwards Way, Irvine, California 92614**  
**Telephone: (949) 250-2500**  
(Address, Including Zip Code, and Telephone Number, Including  
Area Code, of Registrant's Principal Executive Offices)

**Bruce P. Garren**  
**Edwards Lifesciences Corporation**  
**One Edwards Way**  
**Irvine, California 92614**  
**Telephone: (949) 250-2500**  
(Name, Address, Including Zip Code, and Telephone Number  
Including Area Code, of Agent For Service)

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**COPIES TO:**

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**APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:**

From time to time following the effectiveness of this registration statement, as determined by the Registrant.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

## Edgar Filing: EDWARDS LIFESCIENCES CORP - Form S-3

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

### CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered(1)	Amount To Be Registered(1)(2)(3)	Proposed Maximum Offering Price Per Unit(2)(3)(4)	Proposed Maximum Aggregate Offering Price(2)(3)(4)	Amount Of Registration Fee
Debt Securities(5)				
Preferred Stock, \$0.01 par value				
Common Stock, \$1.00 par value, and associated rights to purchase Series A Preferred Stock				
Depository Shares(6)				
Warrants(7)				
Stock Purchase Contracts				
Stock Purchase Units				
<b>Total</b>	\$500,000,000	100%	\$500,000,000	\$63,350

- (1) Such indeterminate number or amount of debt securities, preferred stock, common stock, depository shares, warrants, stock purchase contracts and stock purchase units as may from time to time be issued at indeterminate prices. In addition to any securities that may be issued directly under this registration statement, there is being registered hereunder such indeterminate amount or number of debt securities, preferred stock, common stock, depository shares, warrants, stock purchase contracts and stock purchase units as may be issued upon conversion or exchange of other securities registered hereby, for which no additional consideration will be received by us. The securities registered hereunder may be sold separately or as units with other securities registered hereunder. Securities registered hereby may be offered for U.S. dollars or in foreign currencies, currency units or composite currencies.
- (2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(o).
- (3) Not specified as to each class of securities to be registered hereunder pursuant to General Instruction II.D. of Form S-3.
- (4) If any debt securities are issued at an original issue discount, then such greater amount as may be sold for an aggregate initial offering price of up to the proposed maximum aggregate offering price.
- (5) Debt securities registered hereby may include senior debt securities, senior subordinated debt securities, subordinated debt securities or other debt securities.
- (6) Depository shares will represent fractional interests in preferred stock registered hereby. No separate consideration will be received for the depository shares.
- (7) Warrants may be sold separately or together with any of the securities registered hereby and may be exercisable for debt securities, common stock, or preferred stock or depository shares registered hereby.

**THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE**

SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

**Subject to Completion**  
**Preliminary Prospectus dated June 18, 2004**

Prospectus

**\$500,000,000**

## **Edwards Lifesciences Corporation**

### **Debt Securities, Preferred Stock, Common Stock, Depositary Shares, Warrants, Stock Purchase Contracts and Stock Purchase Units**

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We may from time to time sell up to \$500,000,000 (or the equivalent in foreign currencies or currency units) aggregate initial offering price of:

our debt securities, in one or more series, which may be either senior debt securities, senior subordinated debt securities, subordinated debt securities or debt securities with any other ranking;

shares of our preferred stock, par value \$0.01 per share, in one or more series;

shares of our common stock, par value \$1.00 per share;

depositary shares representing a fractional interest in any series of our preferred stock;

warrants to purchase any of the foregoing securities;

our stock purchase contracts;

our stock purchase units; or

any combination of the foregoing.

We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and any prospectus supplement, as well as the documents incorporated or deemed to be incorporated by reference in this prospectus, carefully before you invest.

**See "Risk Factors" beginning on page 2 for a discussion of material risks that you should consider before you invest in our securities being sold pursuant to this prospectus.**

Our common stock is traded on the New York Stock Exchange under the symbol "EW."

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**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

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We will sell these securities directly, through agents, dealers or underwriters as designated from time to time, or through a combination of these methods. We reserve the sole right to accept, and together with our agents, dealers and underwriters reserve the right to reject, in whole or in part any proposed purchase of securities to be made directly or through agents, underwriters or dealers. If our agents or any dealers or underwriters are involved in the sale of the securities, the applicable prospectus supplement will set forth any applicable commissions or discounts.

This prospectus may not be used to consummate sales of securities unless accompanied by the applicable prospectus supplement.

The date of this prospectus is \_\_\_\_\_, 2004.

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We have not authorized any person to give any information or to make any representation in connection with this offering other than those contained or incorporated by reference in this prospectus, and, if given or made, such information or representation must not be relied upon as having been so authorized. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy by anyone in any jurisdiction in which such offer or solicitation is not authorized, or in which the person is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. Neither the delivery of this prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs since the date hereof, that the information contained herein is correct as of any time subsequent to its date, or that any information incorporated by reference herein is correct as of any time subsequent to its date.

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## RISK FACTORS

You should carefully consider the risks described below, as well as other information included in this prospectus and the documents incorporated and deemed to be incorporated by reference in this prospectus before buying any securities offered by the applicable prospectus supplement. If any of the events described below occurs, our business, financial condition or results of operations could be materially harmed and the value of our securities offered by the applicable prospectus supplement could decline and you may lose part or all of your investment.

### Risks related to our business

*If we do not introduce new products in a timely manner, our products may become obsolete and our operating results may suffer.*

The cardiovascular products industry is characterized by rapid technological changes, frequent new product introductions and evolving industry standards. Without the timely introduction of new products and enhancements, our products will likely become technologically obsolete over time, in which case our revenue and operating results would suffer. Even if we are able to develop new technologies, these technologies may not be accepted quickly because of industry specific factors, such as the need for regulatory clearance, unanticipated restrictions imposed on approved indications, entrenched patterns of clinical practice and uncertainty over third party reimbursement.

Moreover, significant technical innovations generally will require a substantial investment before we can determine the commercial viability of these innovations. We may not have the financial resources necessary to fund these technical innovations. In addition, even if we are able to successfully develop enhancements or new generations of our products, these enhancements or new generations of products may not produce revenue in excess of the costs of development, and they may be quickly rendered obsolete by changing customer preferences or the introduction by our competitors of products embodying new technologies or features.

*We may incur product liability losses that could adversely affect our operating results.*

Our business exposes us to potential product liability risks that are inherent in the design, manufacture and marketing of medical devices. Our products are often used in surgical and intensive care settings with seriously ill patients. In addition, some of the medical devices manufactured and sold by us are designed to be implanted in the human body for long periods of time. We could be the subject of product liability suits alleging that component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or product-related information could result in an unsafe condition or injury to patients. Product liability lawsuits and claims, safety alerts or product recalls in the future, regardless of their ultimate outcome, could have a material adverse effect on our business and reputation and on our ability to attract and retain customers.

*We may experience supply interruptions that could harm our ability to manufacture products.*

We use a diverse and broad range of raw and organic materials and other items in the design and manufacture of our products. Our non-implantable products are manufactured from man-made raw materials including resins, chemicals, electronics and metals. Our heart valve therapy products are manufactured from treated natural animal tissue and man-made materials. We purchase certain of the materials and components used in the manufacture of our products from external suppliers. In addition, we purchase certain supplies from single sources for reasons of quality assurance, cost-effectiveness or constraints resulting from regulatory requirements. We work closely with our suppliers to assure continuity of supply while maintaining high quality and reliability. Alternative supplier options are generally considered and identified, although we do not typically pursue regulatory qualification of alternative sources due to the strength of our existing supplier relationships and the

time and expense associated with this regulatory process. Although a change in suppliers could require significant effort or investment by us in circumstances where the items supplied are integral to the performance of our products or incorporate unique technology, our management does not believe that the loss of any existing supply contract would have a material adverse effect on us.

In an effort to reduce potential product liability exposure, in the past certain suppliers have announced that they might limit or terminate sales of certain materials and parts to companies that manufacture implantable medical devices. In some cases, we have been required to indemnify suppliers for product liability expenses in order to continue to receive materials or parts. There can be no assurance that an indemnity from us will be satisfactory to these suppliers in the future. If we are unable to obtain these raw materials or there is a significant increase in the price of materials or components, our business could be harmed.

*We may be required to recognize additional charges in connection with the write-down of some of our investments, the disposition of some of our businesses, termination of our interest rate swap agreements or for other reasons.*

We have made investments in the equity instruments of other companies, and may make further such investments in the future. To the extent that the value of any such investment declines, we may be required to recognize charges to write down the value of that investment. For example, in September 2002, we recorded a \$67.4 million pretax charge related to the impairment of our investment in the preferred stock of World Heart Corporation. See "Asset Impairments" under "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

In the case of some of the companies in which we have invested, the value of our equity securities has declined since the time of our original investment. As a result, we may be required to recognize additional charges, which could be substantial, to write down our investments. At March 31, 2004, in addition to our investment in World Heart, which was \$12.1 million, we had approximately \$25.5 million of investments in equity instruments of other companies and had recorded unrealized gains of \$5.0 million and unrealized losses of \$4.4 million on these investments on our balance sheet in "accumulated other comprehensive income," net of tax.

As part of the ongoing evaluation of our various businesses and products, we from time to time identify businesses or products that are not performing at a level commensurate with the rest of our business. We may from time to time seek to dispose of these under performing businesses or product lines, and may also seek to dispose of other businesses or product lines from time to time for strategic or other business reasons. If we are unable to dispose of a business or product line on terms we consider acceptable, we may voluntarily terminate that business or cease providing that product. Any of these events may result in charges, which could be substantial and which could adversely affect our results of operations.

We have entered into interest rate swap agreements in connection with some of our indebtedness, and expect that we will continue to do so from time to time in the future. In the event that we elect to terminate a swap agreement prior to its maturity, we may be required to make cash payments to the counterparty and to recognize a charge in connection with that termination, which could adversely affect our results of operations.

*We may not successfully identify and complete acquisitions or strategic alliances on favorable terms or achieve anticipated synergies relating to any acquisitions or alliances, and such acquisitions could result in unforeseen operating difficulties and expenditures, require significant management resources and require significant charges or write-downs.*

As part of our growth strategy, we regularly review potential acquisitions of complementary businesses, technologies, services or products and potential strategic alliances. We may be unable to find suitable acquisition candidates or appropriate partners with which to form partnerships or strategic alliances. Even if we identify appropriate acquisition or alliance candidates, we may be unable to complete such acquisitions or alliances on favorable terms, if at all. In addition, the process of integrating an acquired business, technology, service or product into our existing business and operations may result in unforeseen operating difficulties and expenditures. Integration of an acquired company also may require significant management resources that otherwise would be available for ongoing development of our business. Moreover, we may not realize the anticipated benefits of any acquisition or strategic alliance, and such transactions may not generate anticipated financial results. In addition, we may be required to take charges or write-downs in connection with acquisitions we have made or may make in the future. In particular, acquisitions of businesses engaged in the development of new products may give rise to in-process research and development charges, which could be significant. For example, in January 2004, we purchased Percutaneous Valve Technologies, Inc. for \$125 million plus up to an additional \$30 million upon the achievement of key milestones. Approximately \$81 million of this amount was charged to in-process research and development. We have taken in-process research and development charges in connection with other acquisitions and may take similar charges in connection with acquisitions we make in the future, which charges could adversely affect our results of operations. Future acquisitions could also require issuances of equity securities, the incurrence of debt, contingent liabilities or amortization expenses related to other intangible assets, any of which could harm our business.

*Our business is subject to economic, political and other risks associated with international sales and operations.*

Because we sell our products in a number of foreign countries, our business is subject to risks associated with doing business internationally. Our net sales originating outside of the United States, as a percentage of total net sales, were 55.3% in 2003. We anticipate that sales from international operations will continue to represent a substantial portion of our total sales. In addition, many of our manufacturing facilities and suppliers are located outside of the United States. Our management expects to increase our international sales, which could expose us to greater risks associated with international sales and operations. Accordingly, our future results could be harmed by a variety of factors, including:

changes in foreign medical reimbursement policies and programs;

unexpected changes in foreign regulatory requirements;

changes in foreign currency exchange rates;

changes in a specific country's or region's political or economic conditions, particularly in emerging regions;

trade protection measures and import or export licensing requirements;

potentially negative consequences from changes in tax laws;

difficulty in staffing and managing foreign operations;

changes in the international political situation;

differing labor regulations; and

differing protection of intellectual property.

*We are subject to risks arising from currency exchange rate fluctuations.*

We generated 55.3% of net sales in 2003 outside of the United States. Substantially all of our sales outside of the United States are denominated in local currencies. Measured in local currency, a substantial portion of our foreign generated sales was generated in Europe (and primarily denominated in the Euro) and in Japan. The United States dollar value of our foreign generated sales varies with currency exchange rate fluctuations. Significant decreases in the value of the United States dollar to the Euro or the Japanese yen have had the effect of increasing our earnings even when the volume of foreign sales has remained constant. Significant increases in the value of the United States dollar relative to the Euro or the Japanese yen, as well as other currencies, could have a material adverse effect on our results of operations. We have a hedging program that attempts to manage currency exchange rate risks to an acceptable level based on our management's judgment of the appropriate trade-off between risk, opportunity and cost; however, this hedging program does not completely eliminate the effects of currency exchange rate fluctuations.

*Increased interest rates could increase our borrowing costs and make it more difficult for us to access the capital markets.*

From time to time we may issue securities, including the securities described in this prospectus, to finance acquisitions, capital expenditures, working capital and other general corporate purposes. An increase in interest rates in the general economy could result in an increase in our borrowing costs for these financings, as well as under any existing debt that bears interest at a floating rate and for which interest rate swaps are not in place, and could otherwise restrict our ability to access the capital markets.

*Fluctuations in our quarterly operating results may cause our stock price to decline.*

Our sales and operating results may vary significantly from quarter to quarter. A high proportion of our costs are fixed, due in part to significant sales, research and development and manufacturing costs. Thus, small declines in revenue could disproportionately affect operating results in a quarter, and the price of our common stock may fall. Other factors that could affect quarterly operating results include:

demand for and clinical acceptance of products;

the timing and execution of customer contracts, particularly large contracts that would materially affect our operating results in a given quarter;

the timing of sales of products;

changes in foreign currency exchange rates;

unanticipated delays or problems in introducing new products;

competitors' announcements of new products, services or technological innovations;

changes in our pricing policies or the pricing policies of our competitors;

increased expenses, whether related to sales and marketing, raw materials or supplies, product development or administration;

adverse changes in the level of economic activity in the United States and other major regions in which we do business;

costs related to possible acquisitions of technologies or businesses;

our ability to expand our operations; and

the amount and timing of expenditures related to expansion of our operations.

*Our inability to protect our intellectual property could have a material adverse effect on our business.*

Our success and competitive position are dependent, in part, upon our proprietary intellectual property. We rely on a combination of patents, trade secrets and nondisclosure agreements to protect our proprietary intellectual property, and will continue to do so. Although we seek to protect our proprietary rights through a variety of means, we cannot guarantee that the protective steps we have taken are adequate to protect these rights. Patents issued to or licensed by us in the past or in the future may be challenged and held invalid or not infringed by third parties. Competitors may also challenge our patents. In addition, certain of our patents are due to expire within the next five years and we may be unsuccessful in our efforts to extend these patents through improvement patents, modifications or line extensions. The failure to maintain our patents could have a material adverse effect on us.

We also rely on confidentiality agreements with certain employees, consultants and other parties to protect, in part, trade secrets and other proprietary information. These agreements could be breached and we may not have adequate remedies for any breach.

In addition, others may independently develop substantially equivalent proprietary information or gain access to our trade secrets or proprietary information. We spend significant resources to monitor and enforce our intellectual property rights. However, we may not be able to detect infringement and may lose our competitive position in the industry. In addition, competitors may design around our technology or develop competing technologies. Intellectual property rights may also be unavailable or limited in some foreign countries, which could make it easier for competitors to capture increased market position.

*Third parties may claim we are infringing their intellectual property, and we could suffer significant litigation or licensing expenses or be prevented from selling products.*

During recent years, our competitors have been involved in substantial litigation regarding patent and other intellectual property rights in the medical device industry generally. From time to time, we may be forced to defend ourselves against other claims and legal actions alleging infringement of the intellectual property rights of others. Because intellectual property litigation can be costly and time consuming, our intellectual property litigation expenses could be significant. Adverse determinations in any such litigation could subject us to significant liabilities to third parties, could require us to seek licenses from third parties and could, if such licenses are not available, prevent us from manufacturing, selling or using certain of our products, any one of which could have a material adverse effect on us.

Third parties could also obtain patents that may require us to either redesign our products or, if possible, negotiate licenses to conduct our business. If we are unable to redesign our products or obtain a license, we may have to exit a particular product offering.

*We face intense competition and consolidation within our industry, and if we do not compete effectively, our business will be harmed.*

The cardiovascular medical device industry is highly competitive. We compete with many companies, some of which have longer operating histories, better brand or name recognition and greater access to financial and other resources than us. Furthermore, the industry is characterized by intensive development efforts and rapidly advancing technology. Our present and future products could be rendered obsolete or uneconomical by technological advances by one or more of our current or future competitors or by alternative therapies, including drug therapies. See "Business Competition" in our Annual Report on Form 10-K for the year ended December 31, 2003. Our future success will depend, in large part, on our ability to develop and acquire new products and technologies, anticipate technology advances and keep pace with other developers of cardiovascular therapies and technologies.

The medical device industry has been consolidating and, as a result, transactions with customers are larger, more complex and tend to involve more long-term contracts. The enhanced purchasing power of these larger customers may also increase downward pressure on product pricing. In addition, many existing and potential domestic customers for our products have combined to form group purchasing organizations, or "GPOs." GPOs negotiate pricing arrangements with medical supply manufacturers and distributors and these negotiated prices are made available to members of GPOs. If we are not one of the providers selected by a GPO, we may be precluded from making sales to members of a GPO for several years. Even if we are one of the selected providers, we may be at a disadvantage relative to other selected providers that are able to offer volume discounts based on purchases of a broader range of medical equipment and supplies. Further, we may be required to commit to pricing that has a material adverse effect on our sales and profit margins, business, financial condition and results of operations.

*We and our customers are subject to various governmental regulations, and we may incur significant expenses to comply with these regulations and develop our products to be compatible with these regulations.*

The medical devices manufactured and marketed by us are subject to rigorous regulation by the U.S. Food and Drug Administration, or "FDA," and numerous other federal, state and foreign governmental authorities. The process of obtaining regulatory approvals to market a medical device, particularly from the FDA and certain foreign governmental authorities, can be costly and time consuming, and approvals might not be granted for future products on a timely basis, if at all. Delays in receipt of, or failure to obtain, approvals for future products could result in delayed realization of product revenues or in substantial additional costs, which could have material adverse effects on our business or results of operations. In addition, there can be no assurance that we will be or will continue to be in compliance with applicable FDA and other material regulatory requirements. If the FDA or some other foreign governmental authority were to conclude that we were not in compliance with applicable laws or regulations, the FDA or such other foreign governmental authority, as applicable, could institute proceedings to detain or seize our products, issue a recall, impose operating restrictions, enjoin future violations and assess civil penalties against us, our officers or our employees and could recommend criminal prosecution to the Department of Justice. Moreover, the FDA or some other foreign governmental authority could proceed to ban, or request recall, repair, replacement or refund of the cost of, any device or product manufactured or distributed by us. Furthermore, both the FDA and foreign government regulators have become increasingly stringent, and we may be subject to more rigorous regulation by governmental authorities in the future.

*We are subject to risks arising from concerns and/or regulatory actions relating to "mad cow disease."*

Certain of our products, including pericardial tissue valve products, are manufactured using bovine tissue. Concerns relating to the potential transmission of bovine spongiform encephalopathy, or "BSE," commonly known as "mad cow disease," from cows to humans may result in reduced acceptance of

bovine products. We obtain our bovine tissue only from closely controlled sources within the United States. In December 2003, one case of a cow infected with BSE was reported in the United States. In response to this situation, in late December 2003, the U.S. Department of Agriculture announced new strengthened control and surveillance measures with respect to BSE. To date, there have been no additional reported cases in the United States. The bovine tissue used in our pericardial tissue valve products is from tissue types considered by global health and regulatory organizations to have shown no risk of infectibility. We have not experienced any significant adverse impact on our sales as a result of concerns regarding BSE, but no assurance can be given that such an impact may not occur in the future.

*If third-party payors decline to reimburse our customers for our products or reduce reimbursement levels, our ability to profitably sell our products will be harmed.*

We sell our products and technologies to hospitals, doctors and other health care providers, all of which receive reimbursement for the health care services provided to their patients from third-party payors, such as government programs (both domestic and international), private insurance plans and managed care programs. These third-party payors may deny reimbursement if they determine that a device used in a procedure was not used in accordance with cost-effective treatment methods as determined by such third-party payors, or was used for an unapproved indication. Third-party payors may also decline to reimburse for experimental procedures and devices. We believe that many of our existing and future products are cost-effective because they are intended to reduce overall health care costs over a long period of time. We cannot be certain whether these third-party payors will recognize these cost savings or will merely focus on the lower initial costs associated with competing therapies. If our products are not considered cost-effective by third-party payors, our customers may not be reimbursed for our products.

In addition, third-party payors are increasingly attempting to contain health care costs by limiting both coverage and the level of reimbursement for medical products and services. There can be no assurance that levels of reimbursement, if any, will not be decreased in the future, or that future legislation, regulation or reimbursement policies of third-party payors will not otherwise adversely affect the demand for and price levels of our products. In Japan, customers are reimbursed for our products under a government-operated insurance system. Under this system, the Japanese government annually reviews the reimbursement levels for products. The Japanese government is also considering other reimbursement regulation. If the Japanese government decides to reduce reimbursement levels for our products, our product pricing may be adversely affected.

*We are, or may be, subject to lawsuits related to products or services manufactured or performed by us.*

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

*We may incur increased costs as a result of recent changes in laws and regulations affecting public companies.*

Compliance with recent changes in laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002, may result in increased accounting, legal and administrative costs. In particular, Section 404 of the Sarbanes-Oxley Act of 2002 and the rules of the Securities and Exchange Commission and the Public Company Accounting Oversight Board impose new requirements with respect to the evaluation of the effectiveness of our internal controls. The cost of complying with these new requirements is currently unknown and could be substantial.

**Risks related to the securities**

*The market price for our common stock may be volatile.*

The market price of our common stock could fluctuate substantially in the future in response to any of the other risk factors set out above and below as well as a number of factors, including the following:

quarterly variations in operating results, as discussed above under "Fluctuations in our quarterly operating results may cause our stock price to decline;"

announcements of innovations, new products, strategic developments or business combinations by us or our competitors;

changes in our expected operating expense levels or income and losses;

changes in financial estimates and recommendations of securities analysts;

the operating and securities price performance of other companies that investors may deem comparable to us; and

changes in general conditions in the economy, the financial markets, the domestic or international political situation or the medical device industry.

In addition, in recent years the stock market has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market prices of securities issued by many companies for reasons unrelated to their operating performance. These broad market fluctuations may materially adversely affect our stock price, regardless of our operating results.

*Our stockholder rights plan, charter and bylaws, as well as provisions of Delaware law and the change in control provisions of our 3.875% convertible senior debentures, could make it difficult for a third party to acquire us.*

We have a stockholder rights plan that may have the effect of discouraging unsolicited takeover proposals. The rights issued under the stockholder rights plan would cause substantial dilution to a person or group that attempts to acquire us on terms not approved in advance by our board of directors. In addition, Delaware corporate law and our charter and bylaws contain provisions that could delay, deter or prevent a change in control of our company or our management. These provisions could also discourage proxy contests and make it more difficult for our stockholders to elect directors and

take other corporate actions without the concurrence of our management or board of directors. These provisions:

authorize our board of directors to issue "blank check" preferred stock, which is preferred stock that can be created and issued by our board of directors, without stockholder approval, with rights senior to those of common stock;

provide for a staggered board of directors and three-year terms for directors, so that no more than one-third of our directors could be replaced at any annual meeting;

provide that directors may be removed only for cause;

provide that stockholder action may be taken only at a special or regular meeting and not by written consent;

provide for super-majority voting requirements for some provisions of our charter; and

establish advance notice requirements for submitting nominations for election to the board of directors and for proposing matters that can be acted upon by stockholders at a meeting.

We are also subject to anti-takeover provisions under Delaware law, which could also delay or prevent a change of control. Together, these provisions of our charter and bylaws, Delaware law and our stockholder rights plan may discourage transactions that otherwise could provide for the payment of a premium over prevailing market prices of our common stock, and also could limit the price that investors are willing to pay in the future for shares of our common stock.

In addition, if we undergo a change in control (as defined in the indenture relating to our 3.875% convertible senior debentures) prior to May 15, 2008, the holders of our 3.875% convertible senior debentures have the right, at their option, to require us to purchase all or a portion of the debentures they hold. In addition, certain change in control events relating to us may constitute or otherwise result in events of default under our other debt instruments or our receivables facilities, which could result in borrowings outstanding and other amounts due under those debt instruments and receivables facilities becoming immediately due and payable. These features of our 3.875% convertible senior debentures and other debt instruments and receivables facilities may also discourage a person or a group from attempting to acquire us.

*Our issuance of preferred stock could adversely affect holders of our common stock or convertible securities and discourage a takeover.*

Our board of directors is authorized to issue up to 50,000,000 shares of preferred stock without any action on the part of our stockholders. Our board of directors also has the power, without stockholder approval, to set the terms of any series of preferred stock that may be issued, including voting rights, dividend rights, preferences over our common stock with respect to dividends or in the event of a dissolution, liquidation or winding up and other terms. In the event that we issue preferred stock in the future that has preference over our common stock with respect to payment of dividends or upon our liquidation, dissolution or winding up, or if we issue preferred stock with voting rights that dilute the voting power of our common stock, the rights of the holders of our common stock or our convertible securities or the market price of our common stock could be adversely affected. In addition, the ability of our board of directors to issue shares of preferred stock without any action on the part of our stockholders may impede a takeover of us and prevent a transaction favorable to the holders of our common stock or convertible securities.

*Future sales of our common stock in the public market could adversely affect the trading price of our common stock and the value of any convertible securities that we may issue and our ability to raise funds in new securities offerings.*

Future sales of substantial amounts of our common stock in the public market, or the perception that such sales could occur, could adversely affect prevailing trading prices of our common stock and the value of any convertible security that we may issue and could impair our ability to raise capital through future offerings of equity or equity-related securities. As of March 31, 2004, we had

59,548,483 shares of common stock outstanding;

10,303,602 shares of common stock reserved for issuance upon exercise of options outstanding under our stock option plans with a weighted average exercise price of \$22.86 per share;

in addition to the shares reserved for issuance upon the exercise of options referred to in the preceding bullet point, 3,272,171 additional shares reserved for future issuance under stock option plans and employee stock purchase plans; and

2,744,238 shares of common stock reserved for issuance upon conversion of our outstanding 3.875% convertible senior debentures.

No prediction can be made as to the effect, if any, that future sales of shares of common stock or the availability of shares of common stock for future sale, will have on the trading price of our common stock or the value of any convertible security that we may issue. Sales of substantial amounts of common stock (including shares issued upon the exercise of stock options, upon conversion of our outstanding 3.875% convertible senior debentures or, under the circumstances described in the following paragraph, upon repurchase by us of our outstanding 3.875% convertible senior debentures), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock and the value of any convertible security that we may issue.

Our outstanding 3.875% convertible senior debentures will be convertible at the option of the holders into shares of our common stock, subject to the certain conditions set forth in the indenture governing these debentures. Any shares of common stock issued on conversion of these debentures and subsequently sold will be freely tradable in the public markets without restriction. In addition, we will be required to repurchase these debentures following certain change in control events relating to us and the holders of these debentures will have the option to require us to purchase all or a portion of their debentures on May 15, 2008, May 15, 2013 and May 15, 2018. In each case, we will have the option, except in the case of the purchase in year 2008, of paying the purchase price either in cash or in shares of our common stock or both. The conversion of these debentures into common stock or the issuance of common stock to pay the purchase price of any such debentures could result in the issuance of a substantial number of shares of our common stock and substantial dilution to our stockholders.

*Our holding company structure may adversely affect our ability to meet our debt service obligations under any debt securities that we may issue.*

Substantially all of our consolidated assets are held by our subsidiaries. Accordingly, our cash flow and our ability to service our debt, including any debt securities that we may issue, depends on the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide us cash, whether in the form of dividends, loans or otherwise, to pay amounts due on such obligations. Our subsidiaries are separate and distinct legal entities and may not guarantee any debt securities that we may issue and may have no obligation, contingent or otherwise, to make payments on such securities or to make any funds available for that purpose. In addition, dividends, loans or other distributions from our subsidiaries to us may be subject to contractual and other restrictions, are dependent upon the results of operations of our subsidiaries, may be subject to tax or other laws limiting our ability to repatriate funds from foreign subsidiaries, and are subject to other business considerations.

*The debt securities that we may issue will be effectively subordinated to the liabilities of our subsidiaries.*

Because of our holding company structure, any debt securities offered by an applicable prospectus supplement will be effectively subordinated to all existing and future liabilities of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. Therefore, our rights and the rights of our creditors, including the holders of such debt securities, to participate in the assets of any subsidiary upon that subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors and of the holders of any indebtedness or other obligations guaranteed by that subsidiary, except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. However, even if we are a creditor of one of our subsidiaries, our claims would still be effectively subordinated to any security interests in, or mortgages or other liens on, the assets of that subsidiary and would be subordinate to any indebtedness of the subsidiary senior to that held by us. Although some of our debt instruments impose limitations on the incurrence of additional indebtedness, our subsidiaries retain the ability to incur substantial additional indebtedness and other obligations.

We are currently a party to an unsecured revolving credit agreement providing for aggregate borrowings of up to \$430 million and expiring on March 30, 2005 (the "Credit Facility"). The Credit Facility permits borrowings to be made by both Edwards Lifesciences Corporation and some of our subsidiaries. As of March 31, 2004, we had total borrowings of approximately \$184.4 million outstanding under the Credit Facility. Of the borrowings outstanding under the Credit Facility, \$75.0 million had been borrowed by Edwards Lifesciences Corporation and \$109.4 million had been borrowed by some of our subsidiaries. We have guaranteed the borrowings by our subsidiaries under the Credit Facility.

At March 31, 2004, our consolidated subsidiaries had approximately \$282.9 million of outstanding indebtedness and other liabilities, excluding indebtedness and other liabilities owed to us or to other subsidiaries but including \$109.4 million of borrowings under the Credit Facility. In addition, our Credit Facility requires that domestic subsidiaries whose aggregate net revenue and aggregate net tangible assets equal or exceed 95% of our consolidated net revenues and consolidated net tangible assets, as defined under the Credit Facility, guarantee all borrowings, letters of credit and other obligations under our Credit Facility, including borrowings and other obligations of our subsidiaries. In addition, at December 31, 2003 our consolidated subsidiaries were obligated under operating lease agreements to make future minimum lease payments aggregating approximately \$36.6 million.

*The issuance of debt securities will increase our indebtedness.*

If we sell debt securities, we will increase our total debt and debt service obligations. In addition, we may incur substantial additional indebtedness in the future. The level of our indebtedness, among other things, could:

make it difficult for us to make payments on our debt securities;

make it difficult for us to obtain any necessary future financing for working capital, capital expenditures, acquisitions or other purposes;

limit our flexibility in planning for, or reacting to changes in, our business; and

make us more vulnerable in the event of a downturn in our business.

There can be no assurance that we will be able to meet our debt service obligations, including any of our obligations under debt securities.

In addition, we may need to incur debt in the future to fund our business, including any acquisitions we may make, but there can be no assurance that we will be able to incur debt or other financing, on favorable terms or at all, necessary to fund our operations or effect any acquisitions.

*Any adverse rating of the debt securities may cause the value of the debt securities to fall.*

Any debt securities we issue may not be rated by any credit rating agencies at the time of issuance. Subsequent to their issuance, one or more rating agencies may rate these debt securities. If the rating agencies rate the debt securities, they may assign a lower rating than expected by investors. Rating agencies may also lower ratings on the debt securities in the future. If the rating agencies assign a lower than expected rating or reduce their ratings on the debt securities in the future or indicate that they have their ratings on the debt securities under surveillance or review with possible negative implications, the value of the debt securities would likely decline. In addition, a ratings downgrade could adversely affect our ability to access capital.

#### **SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus and the documents incorporated or deemed to be incorporated by reference in this prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (which we refer to as the Exchange Act). We intend the forward-looking statements to be covered by the safe harbor provisions of the Securities Act and the Exchange Act. All statements other than statements of historical fact in this report or referred to or incorporated by reference into this report are "forward-looking statements" for purposes of these sections. These statements include, among other things, any predictions of earnings, revenues, expenses or other financial items, any statements of plans, strategies and objectives of our management for future operations, any statements concerning our future operations, financial conditions and prospects, and any statement of assumptions underlying any of the foregoing. These statements can sometimes be identified by the use of the forward-looking words such as "may," "believe," "will," "expect," "project," "estimate," "should," "anticipate," "plan," "continue," "seek," "pro forma," "forecast," or "intend" or other similar words or expressions of the negative thereof. Investors are cautioned not to unduly rely on such forward-looking statements.

These forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, results of operations, or performance to differ materially from our historical results or those expressed in any forward-looking statements contained in this prospectus or the documents incorporated or deemed to be incorporated by reference in this prospectus. Some of the factors that could cause our actual results to differ materially from the forward-looking statements we make or incorporate by reference in this prospectus are described under "Risk factors" in this prospectus and in the documents incorporated or deemed to be incorporated by reference in this prospectus. These factors include, but are not limited to:

our ability to successfully develop, obtain regulatory approvals for and market new products;

our ability to generate and maintain sufficient cash resources to increase investment in our business or repay debt;

the contribution of new product launches;

the impact of currency exchange rates;

the timing or results of pending or future clinical trials;

actions by the U.S. Food and Drug Administration and other regulatory agencies;

technological advances in the medical field;

product demand and market acceptance; and

the effect of changing economic conditions.



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If one or more of these risks or uncertainties materialize, or if any underlying assumptions prove incorrect, our actual results, performance or achievements may vary materially from future results, performance or achievements expressed or implied by these forward-looking statements. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this section. We undertake no obligation to update or revise any forward-looking statements to reflect future events or developments.

### THE COMPANY

Edwards Lifesciences is a global provider of products and technologies that are designed to treat advanced cardiovascular disease. We focus on providing products and technologies to address specific cardiovascular opportunities: heart valve disease; peripheral vascular disease; and critical care technologies. Our products and services that treat cardiovascular disease are categorized into five main areas: heart valve therapy; critical care; cardiac surgery systems; vascular; and other distributed products.

Our principal executive offices are located at One Edwards Way, Irvine, California 92614 and our telephone number is (949) 250-2500. Unless this prospectus indicates otherwise or the context otherwise requires, the terms "we," "our," "us" and "Edwards Lifesciences" refer to Edwards Lifesciences Corporation and its subsidiaries for periods on or after April 1, 2000 and to Baxter International Inc.'s CardioVascular Group for periods prior to April 1, 2000.

Edwards Lifesciences was incorporated in Delaware on September 10, 1999. Since the March 31, 2000 spin-off of Edwards Lifesciences from Baxter International Inc., we have operated as an independent company.

### USE OF PROCEEDS

Except as otherwise provided in the applicable prospectus supplement, we will use the net proceeds from the sale of the securities for general corporate purposes, including acquisitions, capital expenditures, working capital and reduction of our outstanding indebtedness. Pending the application of the net proceeds for these purposes, we expect to invest the proceeds in short-term, interest-bearing instruments or other investment-grade securities.

### RATIO OF EARNINGS TO FIXED CHARGES AND OF EARNINGS TO FIXED CHARGES AND PREFERRED STOCK DIVIDENDS

The following table presents the ratio of earnings to fixed charges and of earnings to fixed charges and preferred stock dividends for Edwards Lifesciences Corporation and its consolidated subsidiaries for each of the periods indicated. We were incorporated on September 10, 1999 as a wholly owned subsidiary of Baxter International Inc. to assume the business and operations of Baxter's CardioVascular Group. Effective March 31, 2000, the business, assets and liabilities of Baxter's CardioVascular Group were transferred to us and our subsidiaries and 100% of our common stock was distributed to the stockholders of Baxter in a tax-free spin-off (the "Distribution"). As a result, the following information for periods prior to April 1, 2000 presents Edwards Lifesciences on a divisional basis as we had historically been operated as a part of Baxter, and has been prepared using Baxter's historical bases in the assets and liabilities and the historical results of operations of Baxter's CardioVascular Group prior to the Distribution. The following information does not necessarily reflect what our ratio of earnings to fixed charges and of earnings to fixed charges and preferred stock

dividends would have been had we operated as a stand-alone entity during the periods prior to the Distribution.

	Year ended December 31,					Three Months Ended March 31,	
	1999	2000	2001	2002	2003	2003	2004
	Ratio of earnings to fixed charges <sup>(1)</sup>	(2)	(3)	(3)	5.7x	7.7x	8.6x
Ratio of earnings to fixed charges and preferred stock dividends <sup>(4)</sup>	(2)	(3)	(3)	5.7x	7.7x	8.6x	(3)

- (1) The ratio of earnings to fixed charges is unaudited for all periods presented. For the purpose of calculating the ratio of earnings to fixed charges, earnings consist of net income (loss) plus the provision for income taxes and fixed charges, and excludes the cumulative effect of a change in accounting principle. Fixed charges consist of interest expense, amortization of debt issuance costs and the estimated portion of rental expenses deemed a reasonable approximation of the interest factor.
- (2) Until March 31, 2000 (the date of the Distribution), we were operated as a division of Baxter and our business and operations were therefore funded with monies provided by Baxter.
- (3) For the years ended December 31, 2000 and 2001 and the quarter ended March 31, 2004, fixed charges exceeded earnings by \$258.4 million, \$8.4 million and \$57.6 million, respectively.
- (4) The ratio of earnings to fixed charges and preferred stock dividends is unaudited for all periods presented. For the periods presented in the table, we had no shares of preferred stock outstanding; therefore the ratios of earnings to fixed charges and preferred stock dividends for the periods indicated equal the ratios of earnings to fixed charges for the same periods.

### GENERAL DESCRIPTION OF SECURITIES

We, directly or through agents, dealers or underwriters designated from time to time, may offer, issue and sell, together or separately, up to \$500,000,000 (or the equivalent in one or more foreign currencies or currency units) aggregate initial offering price of:

debt securities, in one or more series, which may be either senior debt securities, senior subordinated debt securities, subordinated debt securities or debt securities with any other ranking;

shares of our preferred stock, par value \$0.01 per share, in one or more series;

shares of our common stock, par value \$1.00 per share;

depository shares representing a fractional interest in any series of our preferred stock;

warrants to purchase any of the foregoing securities;

stock purchase contracts;

stock purchase units; or

any combination of the foregoing.

either individually or as units consisting of one or more of the foregoing, each on terms to be determined at the time of sale.

We may issue debt securities that are exchangeable for or convertible into shares of our common stock or preferred stock or other debt securities. The preferred stock may also be exchangeable for and/or convertible into shares of our common stock or another series of our preferred stock or our debt securities. When particular securities are offered, a supplement to this prospectus will be delivered with this prospectus, which will set forth the terms of the offering and sale of the offered securities.

## DESCRIPTION OF DEBT SECURITIES

We may issue debt securities either separately, or together with, or upon the conversion of or in exchange for, other securities. The debt securities may be our unsecured and unsubordinated obligations, which we refer to as "senior debt securities," issued in one or more series or our unsecured subordinated obligations, which we refer to as "subordinated debt securities," issued in one or more series. The subordinated debt securities of any series may be our senior subordinated obligations, subordinated obligations, or may have such other ranking as is described in the applicable prospectus supplement. The debt securities will be issued under one or more indentures to be entered into between us and one or more trustees. References herein to the "indenture" and the "trustee" refer to the applicable indenture and the applicable trustee pursuant to which any particular series of debt securities is issued. The terms of any series of debt securities will be those specified in or pursuant to the applicable indenture and in the certificates evidencing that series of debt securities and those made part of the indenture by the Trust Indenture Act of 1939. We may issue both senior debt securities and subordinated debt securities under the same indenture.

The following summary of selected provisions of the indenture and the debt securities is not complete, and the summary of selected terms of a particular series of debt securities included in the applicable prospectus supplement also will not be complete. You should review the form of applicable indenture and the form of certificate evidencing the applicable debt securities, which forms have been or will be filed as exhibits to the registration statement of which this prospectus is a part or as exhibits to documents which have been or will be incorporated by reference in this prospectus. To obtain a copy of the indenture or the form of certificate for the debt securities, see "Available Information" in this prospectus. The following summary and the summary in the applicable prospectus supplement are qualified in their entirety by reference to all of the provisions of the indenture and the certificates evidencing the debt securities, which provisions, including defined terms, are incorporated by reference in this prospectus. Capitalized terms used in this section and not defined have the meanings assigned to those terms in the indenture. When we refer to "Edwards Lifesciences," "we," "us" or "our" in this section or when we otherwise refer to ourselves in this section, we mean Edwards Lifesciences Corporation, excluding, unless otherwise expressly stated or the context otherwise requires, our subsidiaries.

The following description of debt securities describes the general terms and provisions of the series of debt securities to which any prospectus supplement may relate. When we offer to sell a series of debt securities, we will describe the specific terms of the series in the applicable prospectus supplement. If any particular terms of the debt securities described in a prospectus supplement differ from any of the terms described in this prospectus, then the terms described in the applicable prospectus supplement will supersede the terms described in this prospectus.

### *General*

The debt securities may be issued from time to time in one or more series of senior debt securities and one or more series of subordinated debt securities. We can issue an unlimited amount of debt securities under the indenture. The indenture provides that debt securities of any series may be issued up to the aggregate principal amount which may be authorized from time to time by us. Please read the applicable prospectus supplement relating to the series of debt securities being offered for specific terms including, where applicable:

the title of the series of debt securities;

any limit on the aggregate principal amount of debt securities of the series, and if the series may be reopened from time to time for the issuance of additional debt securities of the series or to establish additional terms of the series;

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the price or prices at which debt securities of the series will be issued;

the date or dates on which we will pay the principal of and premium, if any, on debt securities of the series, or the method or methods, if any, used to determine those dates;

the rate or rates, which may be fixed or variable, at which debt securities of the series will bear interest, if any, or the method or methods, if any, used to determine those rates;

the basis used to calculate interest, if any, on the debt securities of the series if other than a 360-day year of twelve 30-day months;

the date or dates, if any, from which interest on the debt securities of the series will accrue, or the method or methods, if any, used to determine those dates;

the dates on which the interest, if any, on the debt securities of the series will commence to accrue and will be payable and the record dates for the payment of interest;

the place or places where amounts due on the debt securities of the series will be payable, where the debt securities of the series may be surrendered for registration of transfer and exchange and where the debt securities may be surrendered for conversion or exchange and notices or demands to or upon us in respect of the debt securities of the series may be served;

the terms and conditions, if any, upon which we may, at our option, redeem debt securities of the series;

the terms and conditions, if any, upon which we will repurchase debt securities of the series at the option of the holders of debt securities of the series;

the terms of any sinking fund or analogous provision;

if other than U.S. dollars, the currency used to purchase the debt securities of the series and the currency used for payments on debt securities of the series, and the ability, if any, of us or the holders of debt securities of the series to have payments made in any other currency;

any addition to, or modification or deletion of, any covenant or Event of Default with respect to debt securities of the series;

whether the debt securities of the series are to be issuable in registered or bearer form or both and, if in global form, whether any debt securities of the series will be issued in temporary or permanent global form or both and, if so, the identity of the depositary for the global debt security;

whether and under what circumstances we will pay Additional Amounts (as defined in the indenture) on the series of debt securities to any holder who is a United States Alien in respect of any tax, assessment or other governmental charge and, if so, whether we will have the option to redeem the series of debt securities rather than pay the Additional Amounts;

the person to whom any interest on any registered securities of the series of debt securities will be payable, if different than the person in whose name a registered security is registered at the close of business on the regular record date for that interest;

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the manner in which, or the person to whom, any interest on any bearer security of the series of debt securities will be payable, if different than upon presentation and surrender of the coupons relating to the bearer security;

the extent to which, or the manner in which, any interest payable on a temporary global debt security will be paid, if other than in the manner provided in the indenture;

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the portion of the principal amount of the series of debt securities which will be payable upon acceleration if other than the full principal amount;

the authorized denominations in which the series of debt securities will be issued, if other than denominations of \$1,000 and any integral multiple of \$1,000, in the case of registered securities, or \$5,000, in the case of bearer securities;

the terms, if any, upon which such debt securities may be convertible into or exchangeable for other securities;

whether such debt securities will be senior debt securities or subordinated debt securities and, if subordinated debt securities, whether such subordinated debt securities will be our senior subordinated or subordinated obligations or will have another ranking and the definition of "Senior Indebtedness" and a summary of the subordination provisions applicable to such subordinated debt securities;

if the amount of payments on the series of debt securities may be determined with reference to an index, formula or other method or methods (any of those debt securities being referred to as "Indexed Securities") and the manner used to determine those amounts; and

any other terms of debt securities of the series.

Unless otherwise set forth in this prospectus or any prospectus supplement relating to the offering of debt securities, as used in this prospectus and any prospectus supplement relating to the offering of debt securities, references to the principal of and premium, if any, and interest, if any, on the series of debt securities include the payment of Additional Amounts, if any, required by the series of debt securities in that context.

Debt securities may be issued as original issue discount securities to be sold at a substantial discount below their principal amount. In the event of an acceleration of the maturity of any original issue discount security, the amount payable to the holder upon acceleration will be determined in the manner described in the applicable prospectus supplement. Material federal income tax and other considerations applicable to original issue discount securities will be described in the applicable prospectus supplement.

If the purchase price of any debt securities is payable in a foreign currency or currency unit or if the principal of, or premium, if any, or interest, if any, on any of the debt securities is payable in a foreign currency or currency unit, the specific terms of those debt securities and the applicable foreign currency or currency unit will be specified in the prospectus supplement relating to those debt securities.

The terms of the debt securities of any series may differ from the terms of the debt securities of any other series, and the terms of particular debt securities within any series may differ from each other. If expressly provided in the applicable prospectus supplement, we may, without the consent of the holders of the debt securities of any series, reopen an existing series of debt securities and issue additional debt securities of that series or establish additional or different terms of that series.

### *Registration, transfer, payment and paying agent*

Unless otherwise indicated in the applicable prospectus supplement, each series of debt securities will be issued in registered form only, without coupons. The indenture, however, provides that we may also issue debt securities in bearer form only, or in both registered and bearer form. Bearer securities may not be offered, sold, resold or delivered in connection with their original issuance in the United States or to any United States person, as defined below, other than offices located outside the United States of specified United States financial institutions. "United States person" means any citizen or resident of the United States, any corporation, partnership or other entity created or organized in or

under the laws of the United States, any estate the income of which is subject to United States federal income taxation regardless of its source, or any trust whose administration is subject to the primary supervision of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust. "United States" means the United States of America, including the states thereof and the District of Columbia, its territories, its possessions and other areas subject to its jurisdiction. Purchasers of bearer securities will be subject to certification procedures and may be affected by limitations under United States tax laws. The applicable procedures and limitations will be described in the prospectus supplement relating to the offering of the bearer securities.

Unless otherwise indicated in the applicable prospectus supplement, registered securities will be issued in denominations of \$1,000 or any integral multiple of \$1,000, and bearer securities will be issued in denominations of \$5,000.

Unless otherwise indicated in the applicable prospectus supplement, the debt securities will be payable and may be surrendered for registration of transfer or exchange and, if applicable, for conversion into or exchange for other types of securities, at an office or agency maintained by us and specified in the applicable prospectus supplement. However, we, at our option, may make payments of interest on any registered security by check mailed to the address of the person entitled to receive that payment or by wire transfer to an account maintained by the payee with a bank located in the United States. No service charge shall be made for any registration of transfer or exchange, redemption or repayment of debt securities, or for any conversion or exchange of debt securities for other types of securities, but we may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with that transaction.

Unless otherwise indicated in the applicable prospectus supplement, payment of principal, premium, if any, and interest, if any, on bearer securities will be made, subject to any applicable laws and regulations, at an office or agency outside the United States. Unless otherwise indicated in the applicable prospectus supplement, payment of interest due on bearer securities on any interest payment date will be made only against surrender of the coupon relating to that interest payment date. Unless otherwise indicated in the applicable prospectus supplement, no payment of principal, premium, if any, or interest, if any, with respect to any bearer security will be made at any office or agency in the United States or by check mailed to any address in the United States or by wire transfer to an account maintained with a bank located in the United States. However, if any bearer securities are payable in U.S. dollars, payments on those bearer securities may be made at the corporate trust office of the relevant trustee or at any office or agency designated by us, if, but only if, payment of the full amount due on the bearer securities for principal, premium, if any, or interest, if any, at all offices outside of the United States maintained for that purpose by us is illegal or effectively precluded by exchange controls or similar restrictions.

Unless otherwise indicated in the applicable prospectus supplement, we will not be required to:

issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before any selection of debt securities of that series of like tenor and terms to be redeemed and ending at the close of business on the day of that selection;

register the transfer of or exchange any registered security, or portion of any registered security, selected for redemption, except the unredeemed portion of any registered security being redeemed in part;

exchange any bearer security selected for redemption, except to exchange a bearer security for a registered security of that series of like tenor and terms that is simultaneously surrendered for redemption; or

issue, register the transfer of or exchange a debt security which has been surrendered for repayment at the option of the holder, except the portion, if any, of the debt security not to be repaid.

*Ranking of debt securities; holding company structure*

The senior debt securities of each series will be our unsecured unsubordinated obligations and will rank on a parity in right of payment with all of our other unsecured and unsubordinated indebtedness. The subordinated debt securities of each series will be our unsecured obligations and will be subordinated in right of payment to all of our existing and future Senior Indebtedness (which term will be defined in the prospectus supplement relating to such series of subordinated debt securities). The subordinated debt securities of any series may be our senior subordinated or subordinated obligations, or may have such other ranking as is described in the applicable prospectus supplement. Accordingly, the subordinated debt securities of any series may rank, in priority of payment, senior to, on a parity with or junior to any other series of subordinated debt securities and the definition of "Senior Indebtedness" applicable to any series of subordinated debt securities may be different from the definition of "Senior Indebtedness" applicable to any other series of subordinated debt securities. If this prospectus is being delivered in connection with the offering of a series of subordinated debt securities, the accompanying prospectus supplement will describe the subordination provisions and set forth the definition of "Senior Indebtedness" applicable to such subordinated debt securities, and such prospectus supplement or the information incorporated or deemed to be incorporated by reference herein will set forth the approximate amount of such Senior Indebtedness outstanding as of a recent date.

There are no limitations in the indenture on the issuance or incurrence of indebtedness (including Senior Indebtedness) by us or our subsidiaries.

The debt securities are exclusively our obligations. Although we own some of our consolidated assets directly, a substantial majority of our consolidated assets are held by our subsidiaries. Accordingly, our cash flow and our ability to service our debt, including the debt securities, will depend to a substantial degree on the results of operations of our subsidiaries and upon the ability of our subsidiaries to provide cash, whether in the form of dividends, loans, or otherwise, to pay amounts due on our obligations, including the debt securities. Our subsidiaries are separate and distinct legal entities and have no obligation, contingent or otherwise, to make payments on the debt securities or to make any funds available for that purpose. In addition, dividends, loans or other distributions from our subsidiaries to us may be subject to contractual and other restrictions, are dependent upon the results of operations of our subsidiaries and are subject to other business considerations.

Because of our holding company structure, the debt securities will be effectively subordinated to all existing and future liabilities of our subsidiaries. These liabilities may include indebtedness, trade payables, guarantees, lease obligations and letter of credit obligations. Therefore, our rights and the rights of our creditors, including the holders of the debt securities, to participate in the assets of any subsidiary upon that subsidiary's liquidation or reorganization will be subject to the prior claims of the subsidiary's creditors and of the holders of any indebtedness or other obligations guaranteed by that subsidiary, except to the extent that we may ourselves be a creditor with recognized claims against the subsidiary. However, even if we are a creditor of one of our subsidiaries, our claims would still be effectively subordinated to any security interests in, or mortgages or other liens on, the assets of that subsidiary and would be subordinate to any indebtedness of the subsidiary senior to that held by us. Although some of our debt instruments impose limitations on the incurrence of additional indebtedness, our subsidiaries retain the ability to incur substantial additional indebtedness and other obligations.

We are currently a party to an unsecured revolving credit agreement providing for aggregate borrowings of up to \$430 million and expiring on March 30, 2005 (the "Credit Facility"). The Credit Facility permits borrowings to be made by both Edwards Lifesciences Corporation and some of our subsidiaries. As of March 31, 2004, we had total borrowings of approximately \$184.4 million outstanding under the Credit Facility. Of the borrowings outstanding under the Credit Facility,

\$75.0 million had been borrowed by Edwards Lifesciences Corporation and \$109.4 million had been borrowed by some of our subsidiaries. We have guaranteed the borrowings by our subsidiaries under the Credit Facility.

At March 31, 2004, our consolidated subsidiaries had approximately \$282.9 million of outstanding indebtedness and other liabilities, excluding indebtedness and other liabilities owed to us or to other subsidiaries but including \$109.4 million of borrowings under the Credit Facility. In addition, our Credit Facility requires that domestic subsidiaries whose aggregate net revenue and aggregate net tangible assets equal or exceed 95% of our consolidated net revenues and consolidated net tangible assets, as defined under the Credit Facility, guarantee all borrowings, letters of credit and other obligations under our Credit Facility, including borrowings and other obligations of our subsidiaries. In addition, at December 31, 2003 our consolidated subsidiaries were obligated under operating lease agreements to make future minimum lease payments aggregating approximately \$36.6 million.

#### *Outstanding debt securities*

In determining whether the holders of the requisite principal amount of outstanding debt securities have given any request, demand, authorization, direction, notice, consent or waiver under the indenture:

the principal amount of an original issue discount security that shall be deemed to be outstanding for these purposes shall be that portion of the principal amount of the original issue discount security that would be declared due and payable upon a declaration of acceleration of the original issue discount security as of the date of the determination,

the principal amount of any Indexed Security that shall be deemed to be outstanding for these purposes shall be the principal face amount of the Indexed Security determined on the date of its original issuance,

the principal amount of a debt security denominated in a foreign currency that shall be deemed to be outstanding for these purposes shall be the U.S. dollar equivalent, determined on the date of original issue of the debt security, of the principal amount of the debt security, and

a debt security owned by us or any obligor on the debt security or any affiliate of ours or the other obligor shall be deemed not to be outstanding.

#### *Redemption and repurchase*

The debt securities of any series may be redeemable at our option or may be subject to mandatory redemption by us as required by a sinking fund or otherwise. In addition, the debt securities of any series may be subject to repurchase by us at the option of the holders. The applicable prospectus supplement will describe the terms, the times and the prices regarding any optional or mandatory redemption or option to repurchase any series of debt securities.

#### *Conversion and exchange*

The terms, if any, on which debt securities of any series are convertible into or exchangeable for common stock or preferred stock or other debt securities will be set forth in the applicable prospectus supplement. Such terms may include provisions for conversion or exchange, either mandatory, at the option of the holders or at our option.

#### *Covenants of Edwards Lifesciences*

*Merger, Consolidation and Transfer of Assets.* The indenture provides that we will not, in any transaction or series of related transactions, consolidate or merge with or into any other person or sell,