

Edwards Lifesciences Corp  
Form DEF 14A  
March 27, 2019  
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**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

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

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

Definitive Proxy Statement

Definitive Additional Materials

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):

No fee required.

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):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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**Edwards Lifesciences Corporation**

One Edwards Way

Irvine, California 92614

Phone: 949.250.2500

[www.edwards.com](http://www.edwards.com)

March 27, 2019

Dear Fellow Stockholders:

On behalf of the Edwards Board of Directors, it is my pleasure to invite you to attend our 2019 Annual Meeting of Stockholders. The meeting will be held at our corporate headquarters located at One Edwards Way, Irvine, California, on Wednesday, May 8, 2019, at 10:00 a.m. PT. Registration will begin at 9:00 a.m.

Details of the business to be conducted at the Annual Meeting are included in the attached Notice of 2019 Annual Meeting of Stockholders and Proxy Statement. Stockholders also may access the Notice of 2019 Annual Meeting of Stockholders and the Proxy Statement via the Internet at [www.edwards.com](http://www.edwards.com).

At the Annual Meeting, I look forward to discussing our strong 2018 performance, which reinforces our confidence in our focused innovation strategy and longer-term outlook.

We have again delivered strong sales growth and profitability for the year in review, even as we continue to invest aggressively in our technology pipeline and infrastructure which will serve as the foundation for continued success. These financial results have translated into

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strong returns for our stockholders as well: in 2018 we achieved total stockholder returns of 36%, bringing 3-year and 5-year returns to 94% and 366%, respectively, well outpacing the broader market.

We remain focused on consistent execution of our long-term strategy, and look forward to an exciting year as we continue to pursue important therapies that will benefit many more patients. Our differentiated strategy and focus on leadership creates a tremendous opportunity for Edwards Lifesciences to continue to create value and improve the quality of life for patients around the world.

Thank you for your continued interest in Edwards. We look forward to seeing you at the Annual Meeting.

Sincerely,

Michael A. Mussallem

*Chairman of the Board and*

*Chief Executive Officer*

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Dear Fellow Stockholders:

On behalf of the Board of Directors, I would like to thank you for your investment in Edwards. The Board takes seriously its oversight responsibilities, including its oversight of Edwards' corporate strategy designed to generate stockholder value. Edwards' strong long-term financial performance is a testament to the strength of this strategy.

The Board strives to maintain a highly independent, balanced, and diverse set of directors that collectively possess the expertise to ensure effective oversight of our business. I have been a regular participant alongside management in our active engagement program, through which we engage in a regular dialogue with a broad cross-section of stockholders. The Board greatly values the views of stockholders, and the feedback we receive is regularly discussed with the full Board, and has become an integral part of our decision-making process on a number of important matters. For example, we have made enhancements to our corporate governance practices over the past few years, and stockholder feedback has been a critical part of this evolution.

Since our 2018 Annual Meeting, our engagement team has reached out to stockholders representing approximately 59% of Edwards' shares outstanding to continue our dialogue on key items of stockholder interest, including corporate governance, compensation, and sustainability. Sustainability has in recent years been a key topic of discussion in our stockholder conversations, and it is an area of increasing focus for the Board as well. We regularly have discussions on our progress against Edwards' sustainability principles at our meetings, and my fellow directors and I are happy to report that we have received numerous recognitions for our sustainability and environmental practices in 2018.

As in prior years, we have continued to discuss best practices on corporate governance issues with our stockholders. This year, in response to feedback received through our engagement efforts, we expanded the responsibilities assigned to our Lead Independent Director role. While the updated Lead Independent Director role aligns with the duties I have historically performed, the Board believed it was important to make clear within our formal governing documents what we (and our stockholders) consider to be core leadership responsibilities.

Thank you for your trust and continued support.

Sincerely,

Wesley W. von Schack

*Lead Independent Director*

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**NOTICE OF 2019 ANNUAL MEETING OF STOCKHOLDERS**

**Date and Time:**

May 8, 2019  
10:00 a.m. PT

**Place:**

Edwards Lifesciences Corporation  
One Edwards Way, Irvine, CA 92614

**Matters to be voted on at the 2019 Annual Meeting of Stockholders (the Annual Meeting):**

**Proposal 1.** Election of eight director nominees named in the attached Proxy Statement to serve until our next annual meeting of stockholders and until their respective successors are duly elected and qualified

**Proposal 2.** Approval, on an advisory basis, of the named executive officer compensation disclosed in the attached Proxy Statement

**Proposal 3.** Ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2019

**Proposal 4.** A stockholder proposal, if properly presented at the Annual Meeting

We will also vote on any other business that may properly come before the Annual Meeting or any postponement or adjournment of the meeting.

The Proxy Statement accompanying this notice describes each of the items of business in more detail.

**Record Date:** *If you were a holder of record of the common stock of Edwards Lifesciences Corporation at the close of business on March 13, 2019, you are entitled to notice of, and to vote at, the Annual Meeting.*

**Your vote is very important. Please submit your proxy or voting instructions as soon as possible to ensure that your shares will be represented at the Annual Meeting whether or not you expect to attend the Annual Meeting.**

**How to Vote Your Shares**

**Via the Internet**

**By Phone**



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Visit the website listed on your proxy card, notice, or voting instruction form

Call the phone number listed on your proxy card or voting instruction form

**By Mail**

Complete, sign, date, and return your proxy card or voting instruction form in the envelope provided

**In Person**

Attend our Annual Meeting and vote by ballot

By Order of the Board of Directors,

Linda J. Park

*Vice President, Associate General Counsel, and Corporate Secretary*

March 27, 2019

Important notice regarding the availability of proxy materials for our

2019 Annual Meeting of Stockholders to be held on May 8, 2019:

Our Proxy Statement and 2018 Annual Report to stockholders are available on the Internet at

[www.proxyvote.com](http://www.proxyvote.com).

**Edwards Lifesciences Corporation**    One Edwards Way, Irvine, CA 92614    [www.edwards.com](http://www.edwards.com)

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*This Proxy Statement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements contained in this Proxy to be covered by the safe harbor provisions of such Acts. All statements other than statements of historical fact in this Proxy or referred to or incorporated by reference into this Proxy 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, plans, or expectations with respect to development activities, clinical trials, or regulatory approvals, any statements of plans, strategies, and objectives of management for future operations, any statements concerning our future operations, financial conditions, and prospects, and any statements 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, goal, forecast, intend, guidance, optimistic, aspire, confident, other forms of these words, or similar words or 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 results or future business, financial condition, results of operations, or performance to differ materially from our historical results or experiences or those expressed or implied in any forward-looking statements contained in this Proxy. See the risks listed in Edwards' Annual Report on Form 10-K for the fiscal year ended December 31, 2018 and our other reports filed with the Securities and Exchange Commission, to which your attention is directed. These forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections.*

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This summary contains highlights about Edwards and the upcoming Annual Meeting. This summary does not contain all of the information that you should consider. Please read the entire Proxy Statement prior to voting.

**STOCKHOLDER VOTING MATTERS (Page 1)**

Proposal	Board's Voting Recommendation	Annual Meeting of Stockholders
<b>Proposal 1:</b> Election of Directors	<b>FOR</b> each nominee	<b>Date and Time:</b> May 8, 2019
<b>Proposal 2:</b> Advisory Vote to Approve Named Executive Officer Compensation	<b>FOR</b>	<b>10:00 a.m. PT</b> <b>Place:</b> Edwards Lifesciences
<b>Proposal 3:</b> Ratification of Appointment of Independent Registered Public Accounting Firm	<b>FOR</b>	One Edwards Way Irvine, CA 92614
<b>Proposal 4:</b> Advisory Vote on a Stockholder Proposal Regarding an Independent Chair Policy	<b>AGAINST</b>	<b>Record Date:</b> March 13, 2019

**BOARD OF DIRECTOR NOMINEES (Page 4)**

All eight of our current directors are standing for election for a one-year term at the Annual Meeting. The following chart provides key information on each of our current directors as of the date of this Proxy Statement.

Name	Age	Director Since	Independent	Committee Memberships		
				Audit Committee**	Compensation and Governance Committee	Other Public Company Boards
<b>Kieran T. Gallahue</b>	55	2015	Yes			2

Former Chairman and CEO					
CareFusion Corporation					
<b>Leslie S. Heisz</b>					
Former Managing Director	58	2016	Yes		2
Lazard Frères & Co					
<b>William J. Link, Ph.D.</b>					
Managing Director and Co-Founder Versant Ventures	72	2009	Yes		2
<b>Steven R. Loranger</b>					
Former Chairman, President, and CEO ITT Corporation	67	2016	Yes		1
<b>Martha H. Marsh</b>					
Retired President and CEO Stanford Hospital & Clinics	70	2015	Yes		2
<b>Michael A. Mussallem</b>					
Chief Executive Officer and Chairman	66	2000	No		0
Edwards Lifesciences Corporation					
<b>Wesley W. von Schack*</b>					
Chairman	74	2010	Yes		1
AEGIS Insurance Services, Inc.					
<b>Nicholas J. Valeriani</b>					
Former CEO, West Health Institute Former EVP, Johnson & Johnson	62	2014	Yes		1

\* Lead Independent Director

\*\* Each member is an audit committee financial expert

C = Chairperson

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Our Board of Directors (our Board) strives to maintain a highly independent, balanced, and diverse set of directors that collectively possess the expertise to ensure effective oversight of management.

<b>Diverse Range of Qualifications and Skills Represented by Our Directors</b>		
Medical Technology	Executive International	Corporate Governance
Industry Experience	Experience	
Regulatory and	Senior Leadership	Operations Management
Compliance	Risk Management	Risk Oversight
Innovation/Technology	Human Resources	Financial Reporting
Finance and Financial		
Industry		

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**CORPORATE GOVERNANCE HIGHLIGHTS (Page 11)**

Our commitment to good corporate governance practices and accountability to stockholders is described below.

**WHAT WE DO**

**Annual election of directors**

**Board refreshment and director skill set aligned with corporate strategy**

**Majority vote standard** in uncontested elections, with director resignation policy

**Special stockholders meetings** can be called by stockholders owning at least 15% of our outstanding shares

**Proxy access right** to permit a stockholder, or a group of up to 30 stockholders, owning at least 3% of our outstanding shares continuously for at least 3 years, to nominate up to the greater of 2 directors or 20% of our Board for inclusion in our annual meeting proxy statement

**Independent Board**, all but our Chief Executive Officer



**Executive session of independent directors held at each Board and committee meeting**

**Lead Independent Director** provides strong independent leadership of our Board

**Retirement policy for directors**

**Annual Board and committee self-evaluations and peer reviews**

**Encourage continuing director education with designated annual reimbursement policy**

**Formal director orientation and continuing education program**

**Nonemployee directors expected to hold net shares** upon vesting or exercise of equity awarded after 2011 until Board service ends

**Senior management succession planning** considered at each regularly scheduled Board meeting

**Active stockholder engagement**

**Robust code of ethics in our Global Business Practice Standards**

**Board oversight of risk management**

**Corporate sustainability report** and receipt of numerous recognitions for our sustainability practices

**Clawback policy** for performance-based compensation

**WHAT WE DON'T DO**

**No pledging or hedging of Edwards securities** by directors, executives, employees with a title of vice president or above and insiders under our insider trading policy

**No stockholder rights plan (poison pill)**

**No supermajority voting provisions in the Company's organizational documents**

**ACTIVE STOCKHOLDER ENGAGEMENT PROGRAM** (Page 11)

Edwards Board and management are committed to engaging with Edwards stockholders and incorporating feedback into their decision-making processes. Throughout the year, our CEO, CFO, and Vice President of Investor Relations meet by phone and face-to-face with current and prospective stockholders to discuss Edwards strategy, business, and financial results. Our Corporate Secretary and Investor Relations teams, together with other members of management and, from time to time, our Lead Independent Director, engage stockholders to solicit their views and feedback on corporate governance, compensation and other related matters and to discuss the issues that matter most to our stockholders. Stockholder feedback is shared with the Board and its committees, which enhances our corporate governance practices, facilitates future dialogue between stockholders and the Board and provides additional transparency to our stockholders. Since the 2018 annual meeting of stockholders, our Corporate Secretary and Investor Relations teams contacted our top



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stockholders representing approximately 56% of our outstanding shares and engaged with stockholders representing approximately 32% of shares outstanding. In this engagement, we received feedback from stockholders on a range of topics including corporate governance, compensation, and sustainability.

Over time, we have amended our Charter and Bylaws to adopt various stockholder rights and to align our corporate governance practices with our stockholders' interests.

<b>Topic</b>	<b>Action Taken in Response to Stockholder Feedback</b>
<p><b>Lead Independent Director Responsibilities</b></p>	<p>Expanded the role of the Presiding Director position, and, in light of the additional responsibilities, designated the position, Lead Independent Director</p>
<p><b>Proxy Access</b></p>	<p>Amended our Bylaws to provide for proxy access at 3% and 3-year ownership and holding period duration thresholds</p>
<p><b>Right to Call Special Meetings</b></p>	<p>Amended our Bylaws to permit stockholders to call a special meeting</p> <p>In response to a non-binding stockholder proposal requesting the right to act by written consent, engaged with stockholders representing over 50% of shares then outstanding to better understand investor views and, in response to feedback received, reduced the minimum ownership threshold to call a special meeting from 25% to 15%</p>
<p><b>Declassified Board</b></p>	<p>Amended our Charter to eliminate the classified board</p>

**No Supermajority Voting** Amended our Charter to eliminate supermajority voting

Did not renew poison pill when it expired in March 2010

**Poison Pill**

**Majority Voting in Director Elections** Amended our Bylaws to provide for majority voting in uncontested director elections

**CORPORATE SOCIAL RESPONSIBILITY** (Page 17)

Our Board recognizes the importance of our sustainability initiatives and the need to provide effective oversight. Our Compensation and Governance Committee of the Board (the Compensation Committee ) maintains formal oversight responsibilities with regular discussions at meetings of the full Board. Through a well-established framework and cross-functional Sustainability Council with leaders from across the organization, we continue to build on our disclosure reflecting the recognition of sustainability within our businesses core strategy and our belief that sustainability is essential to long-term growth.

We received numerous recognitions for our sustainability and environmental responsibilities practices in 2018, some of which are highlighted below:

- Named one of **America's Most JUST Companies** from Forbes and JUST Capital United States largest publicly traded companies are ranked on the issues Americans care about most;
- Named as one of the **Management Top 250** by the Wall Street Journal in partnership with the Drucker Institute listed #39 out of 752 companies ranked. Within this list, Edwards was also cited as one of the *7 Companies That Do Everything Well* achieving high marks in all five dimensions of corporate performance: Customer Satisfaction, Employee Engagement and Development, Innovation, Social Responsibility and Financial Strength;
- Recognized as one of the **100 Best Corporate Citizens** standout environmental, social and governance ( ESG ) performance of public companies across the United States that documents 260 ESG data points of disclosure and performance measures in seven categories: environment, climate change, employee relations, human rights, governance, finance, and philanthropy & community support; and

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Constituent of the **DJSI ESG North America Index** the Dow Jones Sustainability North America tracks the performance of the top 20% of the 600 largest United States and Canadian companies in the S&P Global Broad Market Index that lead the field in sustainability.

**EXECUTIVE COMPENSATION (Page 23)**

*Executive Summary.* Edwards is the global leader in patient-focused medical innovations for structural heart disease and critical care monitoring. Driven by a passion to help patients, we partner with the world's leading clinicians and researchers and invest in research and development to transform care for those impacted by structural heart disease or require hemodynamic monitoring during surgery or in intensive care. Edwards Lifesciences has a proud six-decade history as a leader in these areas. Since our founder, Lowell Edwards, first dreamed of using engineering to address diseases of the human heart, we have steadily built a company on the premise of imagining, building, and realizing a better future for our patients.

*Pay-for-Performance Philosophy.* The Compensation Committee strives to create a pay-for-performance culture and strongly believes that executive compensation should be tied not only to performance, but also directly to the successful implementation of our corporate strategy. As a direct result of our strategy, we have introduced new therapies such as transcatheter aortic valve replacement, rapid-deployment surgical heart valves and noninvasive advanced hemodynamic monitoring, all while achieving our stated financial and operating objectives. Managing our business well in a challenging, highly regulated, dynamic environment requires talented and energetic leaders who champion our strategy and deliver on our commitments.

**EDWARDS CORPORATE STRATEGY INFORMS PAY DESIGN**

*2018 Financial and Operating Performance.* Overall, we achieved positive financial results and operating performance in 2018, meeting or exceeding our expectations for sales growth, net income growth, and free cash flow generation. We also made important progress on future advancements for patients.





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Strong underlying<sup>1</sup> sales growth of 10% was driven by:

Clinician and patient preferences for our innovative transcatheter aortic valve therapies, including the best-in-class Edwards SAPIEN 3 transcatheter heart valve;

Continued adoption of our newer premium aortic surgical valves, INSPIRIS RESILIA and Edwards INTUITY Elite; and

Broad use of our critical care technologies, including the ongoing rollout of our HemoSphere smart monitoring platform.

Profitability was also strong in 2018, even as we continued to invest aggressively in our innovation initiatives and infrastructure. Utilizing significant savings in the reduction of our effective tax rate resulting from the Tax Cuts and Jobs Act of 2017, we hired new employees, accelerated research and development initiatives, and contributed more to employee retirement accounts. We directed a significant portion of our infrastructure investment toward the creation of a new product category dedicated to developing transcatheter solutions for the many patients suffering from mitral and tricuspid valve diseases.

***Stock Performance.*** As a general indicator of our pay-for-performance culture, the Compensation Committee considers how Edwards' cumulative total return to stockholders ( TSR ) compares to both the S&P 500 Index and the S&P Health Care Equipment Index. The table below illustrates our 5-year cumulative TSR on common stock with the cumulative total returns of the S&P 500 Index and the S&P Health Care Equipment Index.

#### **COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN\***

\* \$100 invested on December 31, 2013 in stock or index, including reinvestment of dividends. Fiscal year ending December 31. The stock price performance included in this graph is not necessarily indicative of future stock price performance.

***2018 Annual Incentive Plan Outcomes and Long-Term Incentives.*** The three measures used to evaluate financial achievement under our annual cash incentive plan were revenue growth, net income and free cash flow, all computed on a non-GAAP basis. Our financial performance resulted in financial achievement at 112% of target under the cash incentive plan. In addition, our overall achievement of KODs for 2018 was 106%. Accordingly, our cash incentive plan for corporate employees funded at 119% of target. Final incentive amounts for the Named Executive Officers ( NEOs ) for 2018 also took into account each employee's individual performance. The PBRsUs that vested in 2018 were based on Edwards' TSR compared to that of companies in a subset of the S&P Health Care Equipment Select Industry Index (the SPSIHE Subset ) as discussed in more detail in the Compensation Discussion and Analysis section of this Proxy Statement. The payout of these PBRsUs tracked the strong performance of our stock over the three-year period and paid out at 175% of target.

Underlying amount is a non-GAAP item. Refer to the Appendix for a reconciliation to the most directly comparable GAAP financial measure.

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**COMPENSATION PROGRAM HIGHLIGHTS (Page 28)**

*Compensation Program Highlights.* The Compensation Committee believes that its executive compensation and benefits philosophy and objectives have resulted in programs that align executives with stockholder interests.

**WHAT WE DO**

**Pay-for-Performance.** Approximately 89% of the total direct compensation of our CEO, and an average of 78% of the total direct compensation of our other NEOs, was performance-based in 2018.

**Linkage Between Performance Measures and Strategic Imperatives.** Performance measures for incentive compensation are linked to our Strategic Imperatives through achievement of KODs and are designed to create long-term stockholder value and hold executives accountable for their individual and Edwards performance.

**Performance-Based Equity.** Our PBRsUs vest based on our relative TSR over a three-year period.

**Minimum Three-Year Vesting.** Equity compensation is structured to vest over a minimum period of three years, subject to limited exceptions.

**Robust Executive Stock Ownership Guidelines with Holding Period Requirements.** Executives are required to hold Edwards stock with a value not less than six-times salary for our CEO and three-times salary for each other NEO. Fifty percent of net shares received as equity compensation must be retained until the guideline has been met.

**CEO Stock Ownership.** Our CEO far exceeds his six-times salary ownership guideline and has continued to increase his ownership of Edwards' stock each year.

**Modest Perquisites.** We provide modest perquisites and have a business rationale for the perquisites that we do provide.

**Double Trigger in the Event of a Change in Control.** Severance benefits are paid, and equity compensation awarded starting in May 2015 accelerates in connection with a severance, only upon a double trigger in connection with a change in control (meaning a termination of the executive's employment is required, in addition to the occurrence of a change in control, in order for the benefits to be triggered).

**Use of Tally Sheets.** The Compensation Committee annually reviews summaries of prior and potential future compensation levels (referred to as tally sheets) when making compensation decisions.

**Clawback Policy.** We maintain a recoupment policy for performance-based compensation.

**Independent Compensation Consultant.** The Compensation Committee engages an independent compensation consulting firm that provides us with no other services.

## WHAT WE DON'T DO

**No excise tax gross-ups** for executive officers.

**No repricing** or buyout of underwater stock options.

**No pledging of Edwards securities** by directors, executives, employees with a title of vice president or above, and insiders under our insider trading policy.

**No hedging of Edwards securities** by directors, executives, employees with a title of vice president or above, and insiders under our insider trading policy.

**We align executive compensation with the interests of our stockholders.**

**Executive compensation programs are designed to avoid excessive risk and foster long-term value creation.**

**We adhere to strong executive compensation and corporate governance practices.**

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**EDWARDS LIFESCIENCES CORPORATION**

**PROXY STATEMENT FOR THE  
2019 ANNUAL MEETING OF STOCKHOLDERS**

**GENERAL MEETING AND VOTING INFORMATION**

Our Board is soliciting your proxy for use at the Annual Meeting to be held at 10:00 a.m. PT, on Wednesday, May 8, 2019, at our corporate headquarters, located at One Edwards Way, Irvine, California 92614.

Unless the context otherwise requires, references in this Proxy Statement to Edwards, the Company, we, our, us, and similar terms refer to Edwards Lifesciences Corporation, a Delaware corporation.

**Important Notice Regarding the Availability of Proxy Materials for the Stockholders Meeting to be Held on May 8, 2019**

We are pleased to take advantage of Securities and Exchange Commission (the SEC) rules that allow us to furnish our proxy materials, including our 2018 Annual Report and this Proxy Statement (the Proxy Materials), over the Internet. As a result, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials (the Notice) instead of a paper copy of the Proxy Materials. The Notice contains instructions on how to access those documents over the Internet and how to submit your proxy via the Internet. The Notice also contains instructions on how to request a paper copy of the Proxy Materials. All stockholders who do not receive a Notice will receive a paper copy of the Proxy Materials by mail or an electronic copy of the Proxy Materials by e-mail. This process allows us to provide our stockholders with the information they need in a more timely manner, while reducing the environmental impact and lowering the costs of printing and distributing the Proxy Materials. This Proxy Statement and our 2018 Annual Report are available at <http://ir.edwards.com/annuals-proxies.cfm>.

The Notice and the Proxy Materials are first being made available to stockholders on or about March 27, 2019.

**Voting Matters and the Recommendations of the Board**

The items of business scheduled to be voted on at the Annual Meeting and our Board's recommendation on each item are as follows:

Proposal	Board Vote Recommendation
<b>Proposal 1.</b> Election of Directors	<b>FOR</b> each nominee
<b>Proposal 2.</b> Advisory Vote to Approve Named Executive Officer Compensation	<b>FOR</b>
<b>Proposal 3.</b> Ratification of Appointment of Independent Registered Public Accounting Firm	<b>FOR</b>
<b>Proposal 4.</b> Advisory Vote on a Stockholder Proposal Regarding an Independent Chair Policy	<b>AGAINST</b>

Stockholders will also be asked to consider and transact such other business as may properly come before the Annual Meeting or any postponement or adjournment thereof. Pursuant to our Bylaws, the chairman of the Annual Meeting will determine whether any business proposed to be brought before the Annual Meeting has been properly presented. If the chairman determines that the business was not properly brought before the Annual Meeting, the chairman will declare to the Annual Meeting that such business was not properly brought and such business will not be transacted.

### Record Date and Stockholders List

The Board has fixed the close of business on March 13, 2019 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.

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## GENERAL MEETING AND VOTING INFORMATION

**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 13, 2019. At the close of business on that date, 208,109,365 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 Annual Meeting.

**How to Vote**

**You may hold Edwards shares in multiple accounts and therefore receive more than one set of Proxy Materials. To ensure that all of your shares are voted, please submit your proxy or voting instructions for each account for which you have received a set of proxy materials.**

*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 ways:

By Internet	If you received a Notice or a printed copy of the Proxy Materials, follow the instructions in the Notice or on the proxy card.
By Telephone	If you received a printed copy of the Proxy Materials, follow the instructions on the proxy card.
By Mail	If you received a printed copy of the Proxy Materials, complete, sign, date, and mail your proxy card in the enclosed, postage-prepaid envelope.

**In Person** 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 submit your voting instructions and 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.

*Shares Held in Our 401(k) Plan.* If you participate in the Edwards Lifesciences Corporation 401(k) Savings and Investment Plan or the Edwards Lifesciences Technology Sarl Retirement Savings Plan, you will receive a request for voting instructions with respect to the shares allocated to your plan account. You are entitled to direct the plan trustee how to vote your plan shares. If the plan trustee does not receive voting instructions for shares in your plan account, the shares attributable to your account will be voted in the same proportion as the allocated shares for which voting instructions have been received.

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



### **Deadline to Vote**

If you are a stockholder of record, your proxy must be received by telephone or the Internet by 11:59 p.m. ET on May 7, 2019 in order for your shares to be voted at the Annual Meeting. If you are a stockholder of record and you received a printed copy of the Proxy Materials, you may instead mark, sign, date and return the enclosed proxy card, which must be received before the polls close at the Annual Meeting.

If you hold your shares in street name through a broker, bank or other nominee, please follow the instructions provided by the broker, bank or other nominee who holds your shares. If you hold shares in one of our 401(k) plans, to allow sufficient time for voting by the plan trustees, your voting instructions must be received by telephone or the Internet by 11:59 p.m. ET on May 5, 2019.

### **Appointment of Proxies**

The Board has appointed William J. Link, Michael A. Mussallem and Wesley W. von Schack to serve as proxy holders to vote your shares according to the instructions you submit. If you properly submit a proxy but do not indicate how you want your shares to be voted on one or more items, your shares will be voted on such items in accordance with the recommendations of our Board as set forth above under Voting Matters and the Recommendations of the Board. 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 on such matter in accordance with their best judgment.

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**GENERAL MEETING AND VOTING INFORMATION**

**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 Corporate 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, or, if you have obtained a legal proxy from your broker, bank or other nominee giving you the right to vote your shares at the Annual Meeting, by attending the Annual Meeting and voting in person.

Any change to your proxy or voting instructions that is provided by telephone or the Internet must be submitted by 11:59 p.m. ET on May 7, 2019, except that if you are voting shares held in one of our 401(k) plans, the deadline is 11:59 p.m. ET on May 5, 2019.

**Broker Voting**

Brokers holding shares of record for their customers are entitled to vote on certain routine matters, such as the ratification of the appointment of PricewaterhouseCoopers LLP ( PwC ), our independent registered public accounting firm (Proposal 3), without instructions from their customers. However, these brokers are generally not entitled to vote on certain non-routine 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 (Proposal 3). If you do not submit voting instructions and your broker votes your shares on Proposal 3 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 Annual Meeting are counted toward a quorum even if the holder of such shares abstains from voting. Shares held through brokers are not counted toward a quorum unless the broker has authority to vote, and votes such shares, 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.

Voting Item		Treatment of Abstentions and Broker	
		Vote Standard	Non-Votes
<b>Proposal 1.</b>	<b><i>Election of Directors</i></b>	Majority of votes cast	Abstentions and broker non-votes not counted as votes cast
<b>Proposal 2.</b>	<b><i>Executive Compensation (Advisory)</i></b>	Majority of shares represented at the Annual Meeting and entitled to vote on the proposal	Abstentions will have the effect of votes against
<b>Proposal 3.</b>	<b><i>Ratification of Independent Registered Public Accounting Firm (Advisory)</i></b>		Broker non-votes will not be counted as shares entitled to vote on the proposal
<b>Proposal 4.</b>	<b><i>Stockholder Proposal (Advisory)</i></b>		
<b>Proxy Solicitation Costs</b>			

Your proxy for the Annual Meeting is being solicited on behalf of our Board and we will pay the cost of 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 also solicit 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.

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**BOARD OF DIRECTORS MATTERS**

**PROPOSAL 1 ELECTION OF DIRECTORS**

**General.** Our Board currently consists of eight directors forming one single class of directors, and all directors will be standing for election for a one-year term at the Annual Meeting.

The Board has nominated the eight individuals identified below for election to the Board, to serve until the next annual meeting of stockholders and until their respective successors are elected and qualified, or until their earlier resignation or removal.

Each of the nominees standing for election has consented to serve as a director if elected. However, if any nominee becomes unable or unwilling for good cause 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, and none of our directors has any family relationship with any other director or with any of our executive officers. More information regarding the Board, the committees of the Board, director independence, and related matters follows this Proposal 1.

**Identification and Evaluation of Director Candidates.** Our Board carefully considers the skills, experiences, and diversity of its members as part of its robust director evaluation and Board refreshment process. Even though our Compensation Committee makes recommendations to the Board regarding candidates for election as directors of the Company, all members of the Board are very engaged in the process of, and discussions regarding, refreshment.

The Compensation Committee maintains formal criteria for selecting director nominees who will best serve the interests of the Company and its stockholders. These criteria are described in more detail below under Board Criteria and Diversity Policy. 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, recognizing that the Board's skills evolve in order to align with the Company's strategy as well as emerging risks and opportunities. Some or all of 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.

As a result of the Board's thoughtful and deliberate process of refreshment, the Board has elected five new directors since 2014. This process has involved the participation of all directors to take advantage of their broad range of expertise and experience as part of the decision-making process.

The Compensation Committee has retained and pays fees to an executive search firm to assist in identifying and evaluating director 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 Corporate Secretary of the Company at One Edwards Way, Irvine, California 92614. Submissions received that meet the criteria described below 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.

**Board Criteria and Diversity Policy.** Our Board, led by the Compensation Committee, is responsible for assessing, identifying, evaluating, and, ultimately, recommending to the stockholders, individuals qualified to be directors of the Company. We believe that diverse backgrounds and experiences strengthen Board performance and promote long-term stockholder value creation.

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.

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PROPOSAL 1 ELECTION OF DIRECTORS

The Compensation Committee also seeks director candidates and nominees with the following qualities:

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 potential nominees by the Compensation Committee and the Board, with a discussion of Board succession planning held at regularly scheduled meetings of the Board and certain specially called meetings. These discussions have included reviews of current director skills against an established skills matrix and consideration of each director's retirement horizon, as well as the Board's self-evaluation and peer evaluation processes, as described below under Board Evaluations. Based upon these activities and its review of the current composition of the Board, the Compensation Committee and the Board believe that the nominating criteria have been satisfied. As a

result, the Board believes its members represent diverse backgrounds and experience that are aligned with our Company's strategy, including financial, industrial, entrepreneurial, and international experience.

**Board Evaluations.** The Board conducts an annual Board and Committee self-evaluation every July or August, soliciting each director's views on, among other things, Board and Committee performance and effectiveness, size, composition, agenda, processes and schedule. In addition, the directors conduct annual peer evaluations focusing on each individual director's personal interactions and skills. This is a robust process that culminates in one-on-one meetings during which peer feedback is provided to each director by the General Counsel. Our Board views the self- and peer-evaluation processes as an integral part of its commitment to cultivating excellence and best practices in its performance.

**Board Retirement Policy.** As set forth in the Corporate Governance Guidelines, the Board has adopted a retirement policy that no director shall stand for election to the Board after reaching the age of 75.

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**PROPOSAL 1 ELECTION OF DIRECTORS**

In light of the robust process described above, our Board believes our nominees’ skills, expertise, and experience and their mix of qualifications and attributes strengthen our Board’s independent leadership and effective oversight of management.

**Diverse Range of Qualifications and Skills Represented by Our Nominees**

Medical Technology	Executive International	Corporate Governance
Industry Experience	Experience	
Regulatory and Compliance	Senior Leadership	Operations Management
Innovation/Technology	Risk Management	Risk Oversight
Finance and Financial Industry	Human Resources	Financial Reporting

*Our Board strives to maintain a highly independent, balanced, and diverse set of directors that collectively possess the expertise to ensure proper oversight.*



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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Michael A. Mussallem**

**Edwards Board Roles:**

**Age:** 66

**Director Since:** 2000

Chairman of the Board

**Select Professional Experience and Highlights:**

California Healthcare Institute

Edwards Lifesciences Corporation

Member of the Board, from 1996 to 2014

Chairman and CEO, since 2000

Chairman, from 2004 to 2005

Baxter International Inc.

Forum for Corporate Directors Hall of Fame

Group Vice President, Cardiovascular businesses,  
from 1994 to 2000

University of California Irvine Medal Award

Group Vice President, Biopharmaceutical business,  
from 1998 to 2000

The Phoenix Conference Lifetime Achievement Award

Held a variety of positions with increasing responsibility in  
engineering and product development, from 1979 to 1994

WomenHeart Excellence in Corporate Leadership  
Wenger Award

**Select Skills and Qualifications:**

Advanced Medical Technology Association (AdvaMed)

Member of the Board, since 2001

Member of the Executive Committee, since 2006

Chairman, from 2008 to 2010

University of California, Irvine Foundation

Member of the Board of Trustees, since 2008

Leonard D. Schaeffer Center for Health Policy &  
Economics at the University of Southern California

Advisory Member of the Board, since 2014

Rose-Hulman Institute of Technology

Member of the Board of Trustees, since 2017

Mr. Mussallem has an extensive knowledge of the medical technology industry in general, and of the people, operations, processes and products of the Company in particular, built over a more than 35-year career with the Company and its predecessor. In addition, in his roles with AdvaMed and other healthcare-related organizations, he has become a recognized leader in the medical technology industry, making important contributions to healthcare policy discussions in California, the United States and the key global markets that the Company serves. These experiences have established relationships, which are helpful in developing our Board's strategic perspective, and enhanced his leadership of the Company and contributions to our Board.

**Edwards Board Roles:**

**Wesley W. von Schack**

Lead Independent Director

**Age:** 74

Audit Committee Member

**Director Since:** 2010

**Other Current Public Company Directorships:**

AEGIS Managing Agency Limited, which manages  
Syndicate 1225 at Lloyd's of London

Teledyne Technologies, since 2006

Non-executive Director and member of the Audit  
Committee, since 2006

**Other Public Company Directorships in Past Five  
Years:**

Bank of New York Mellon Corporation, until 2016

**Select Skills and Qualifications:**

Former Lead Director and Chair of Executive Committee

Mr. von Schack's experience of more than 30 years 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 make significant contributions in  
assessing and managing risks. In addition, the  
operational and leadership skills developed over his  
career have provided valuable insights and support to  
our Board as its Lead Independent Director.

**Select Professional Experience and Highlights:**

Energy East Corporation, an energy services company  
(acquired by Iberdrola S.A. in 2008)

Chairman, President, and Chief Executive Officer, from  
1996 until his retirement in 2009

AEGIS Insurance Services, Inc.

Chairman, since 2006, Chair of the Risk Managers  
Advisory Committee and Director, since 1997

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Kieran T. Gallahue**

**Age:** 55

**Director Since:** 2015

**Edwards Board Roles:**

Audit Committee Member

**Other Current Public Company Directorships:**

Nanogen, Inc

Arena Pharmaceuticals, Inc., since 2018

Various positions, including President and Chief Financial Officer, from 1998 to 2002

Member of the Audit Committee, since 2018

Prior to 1998, various marketing, sales, and financial positions within Instrumentation Laboratory, the Procter & Gamble Company, and the General Electric Company

intersect ENT, Inc., since 2015

Lead Independent Director, since 2015

Served on the Board and Executive Committee, and as Chairman of the International Committee and Treasurer of Advanced Medical Technology Association (AdvaMed)

Member of the Audit Committee, since 2015

**Select Skills and Qualifications:**

**Other Public Company Directorships in Past Five Years:**

CareFusion Corporation, from 2011 to 2015

Volcano Corporation, from 2007 to 2015

Mr. Gallahue provides valuable insights and direction to our Board gained through extensive executive management experience at medical technology companies. His leadership roles on other public company boards and committees and prior experience as a public company chief financial officer also enables him to contribute valuable financial and accounting perspectives to our Board and Audit Committee.

**Select Professional Experience and Highlights:**

CareFusion Corporation, a global medical technology company (acquired by Becton, Dickinson and Company in March 2015)

Chairman and Chief Executive Officer, from 2011 until his retirement in 2015

ResMed, Inc.

Member of the Board, from 2008 to 2011

Chief Executive Officer, from 2008 to 2011

President, from 2004 to 2011

President and COO, Americas, from 2003 to 2004

**Leslie S. Heisz**

**Age:** 58

**Director Since:** 2016

**Edwards Board Roles:**

Chair of the Audit Committee

**Other Current Public Company Directorships:**

Dresdner Kleinwort Wasserstein (and its predecessor Wasserstein Perella & Co.), Mergers & Acquisitions and Corporate Finance, from 1995 to 2002

Capital Group Private Client Services Funds, Emerging Markets Total Opportunities Fund, and Emerging Markets Growth Fund, since January 2019

Served as Director then Managing Director for six years

Member of the Audit Committee, since January 2019

Salomon Brothers Inc., from 1987 to 1995

Member of the Contracts Committee, since January 2019

Served as Associate then Vice President, Corporate Finance for four years

Public Storage, Independent Trustee, since 2017

PricewaterhouseCoopers LLP, from 1982 to 1986

Member of the Audit Committee, since 2017

Served as Staff Consultant then Senior Consultant for two years

Member of the Nominating/Corporate Governance Committee, since 2017

National Association of Corporate Directors  
Directorship 100 Award

**Other Public Company Directorships in Past Five Years:**

**Select Skills and Qualifications:**

Ingram Micro Inc., from 2007 to 2016

Towers Watson & Co., from 2012 to 2016

HCC Insurance Holdings, Inc., from 2010 to 2014

Ms. Heisz's career in the banking industry, in-depth knowledge of capital markets, and previous public company board and audit committee experience enhances our Board's ability to effectively oversee financial reporting, enterprise and operational risk management, as well as corporate finance, tax, treasury, and governance matters.

**Select Professional Experience and Highlights:**

Kaiser Foundation Hospitals and Kaiser Foundation Health Plan, Inc., since 2015

Member of the Audit Committee, since 2015

Member of the Finance Committee, since 2018

Member of the Governance and Community Benefit Committees, from 2015 to 2017

Lazard Freres & Co., from 2003 to 2010

Served as Senior Advisor then Managing Director for six years

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**William J. Link, Ph.D.**

**Age:** 72

**Director since:** 2009

**Edwards Board Roles:**

Chair of the Compensation and Governance Committee

**Other Current Public Company Directorships:**

American Medical Optics, Inc. (acquired by Allergan, Inc.), from 1978 to 1986

Second Sight Medical Products, Inc., since 2003

Founder and President

Member of the Audit and Nominating and Corporate Governance Committees, since 2003

Before entering the healthcare industry, was an assistant professor in the Department of Surgery at the Indiana University School of Medicine

Chair of the Compensation Committee, since 2014

**Select Skills and Qualifications:**

Glaukos Corporation, since 2001 (became a public company in July 2015)

Dr. Link's corporate leadership and long history successfully commercializing products in the medical technology industry provide our Board with a valuable perspective in evaluating the prospects of, and risks associated with, existing business operations. In addition, his extensive experience in identifying new business opportunities and his strong technical and engineering background have proven beneficial in assessing the potential for future innovations.

Chairman, and Member of the Compensation, Nominating and Governance Committee, since 2001

**Select Professional Experience and Highlights:**



Versant Ventures, a venture capital firm investing in early-stage healthcare companies

Managing Director and Co-Founder, since 1999

Brentwood Venture Capital, since 1998

General Partner

Chiron Vision (acquired by Bausch & Lomb, Inc.), from 1986 to 1997

Founder, Chairman, and Chief Executive Officer

**Steven R. Loranger**

**Edwards Board Roles:**

**Age:** 67

**Director Since:** 2016

Compensation and Governance Committee Member

**Other Current Public Company Directorships:**

Honeywell International Inc. and its predecessor company, AlliedSignal, Inc.

Xylem Inc., since 2011

Various executive positions, including serving as President and Chief Executive Officer of its Engines, Systems and Services businesses, from 1981 to 2002

Member of the Compensation and Personnel Committee,  
since 2018

Chair of the Finance, Innovation, and Technology  
Committee, since 2017

Member of the Audit Committee, from 2011 to 2018

Member of the Nominating and Governance Committee,  
from 2011 to 2017

**Other Public Company Directorships in Past Five  
Years:**

FedEx Corporation, from 2006 until 2014

ITT Exelis, Inc., from 2011 until 2013

**Select Professional Experience and Highlights:**

Xylem Inc., a global water technology provider

Interim CEO and President, from 2013 until his retirement  
in 2014

ITT Corporation

Chairman, President, and CEO, from 2004 to 2011

Senior Advisor to the CEO of FlightSafety  
International and serves on the Boards of the  
Smithsonian National Air and Space Museum and the  
Congressional Medal of Honor Foundation (Emeritus)

**Select Skills and Qualifications:**

Mr. Loranger is a seasoned executive with global  
manufacturing and operational experience in highly  
regulated, high-tech industries. His decades of  
experience leading large, global innovation-focused  
corporations with intensive data privacy components is  
particularly valuable to our Board.

Textron, Inc.

Executive Vice President and Chief Operating Officer,  
from 2002 to 2004

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**PROPOSAL 1 ELECTION OF DIRECTORS**

**Martha H. Marsh**

**Age:** 70

**Director Since:** 2015

**Edwards Board Roles:**

Compensation and Governance Committee Member

**Other Current Public Company Directorships:**

University of California Davis Medical Center

AMN Healthcare Services, Inc., since 2010

Chief Executive Officer, from 1999 to 2002

Member of the Compensation and Corporate Governance Committees, since 2010

University of California Davis Health System

Chair of the Compensation Committee, since 2012

Chief Operating Officer, from 1999 to 2002

Owens & Minor Inc., since 2012

University of Pennsylvania Health System

Chair of the Governance and Nominating Committee, and member of the Compensation and Benefits, and Executive Committees, since 2014

Senior Vice President for Professional Services and Managed Care, from 1996 to 1998

Vice President for Managed Care, from 1994 to 1996

**Other Public Company Directorships in Past Five Years:**

Thoratec Corporation, from 2014 to 2015

**Select Professional Experience and Highlights:**

Stanford Hospital & Clinics

President and Chief Executive Officer, from 2002 until her retirement in 2010

**Select Skills and Qualifications:**

Ms. Marsh's experience of more than 30 years in an increasingly complex and evolving healthcare system as a president and chief executive officer, combined with years of board experience that includes corporate governance chairmanships, provide a unique perspective as our Board considers the execution of our patient-focused innovation strategy.

**Nicholas J. Valeriani**

**Age:** 62

**Director Since:** 2014

**Edwards Board Roles:**

Compensation and Governance Committee Member

**Other Current Public Company Directorships:**

RTI Surgical, Inc., since 2016

Member of the Boards of the Gary and Mary West Health Institute and the Gary and Mary West Health Policy Center

Member of the Board of AgNovos Healthcare, since 2016

**Other Public Company Directorships in Past Five Years:**

Roka Bioscience, Inc., from 2015 to January 2018

Member of the Board of SPR Therapeutics, since 2018

Served on the Boards of the Robert Wood Johnson University Hospital, until 2016, and the Center for Medical Interoperability, until 2015

**Select Professional Experience and Highlights:**

Gary and Mary West Health Institute, an independent, nonprofit medical research organization that works to create new, more effective ways of delivering care at lower costs

Chief Executive Officer, from 2012 until his retirement in 2015

Johnson & Johnson

Company Group Chairman, Ortho Clinical Diagnostics, from 2009 to 2012

Member of the Executive Committee

Vice President, Office of Strategy and Growth, from 2007 to 2009

Served 34 years in key positions, including Worldwide Chairman, Medical Devices and Diagnostics, and Corporate Vice President, Human Resources

**Select Skills and Qualifications:**

Mr. Valeriani's 40 years of medical technology industry experience in a large and complex global company and experience directing strategy informs his contribution to the development of our innovation strategy and assessment of future business opportunities. In addition, his background in human resources enables him to contribute valuable insights to the Compensation and Governance Committee.

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**BOARD OF DIRECTORS MATTERS**

**CORPORATE GOVERNANCE POLICIES AND PRACTICES**

**Corporate Governance Highlights.** The Company and the Board take seriously our commitment to good corporate governance. We believe the regular review of our corporate governance practices with current issues and trends in mind, the discussions we hold with our stockholders and advisers and the practice enhancements we consider as a result, help us to compete more effectively, sustain our successes and build long-term value for our stockholders. Our commitment to good corporate governance practices and accountability to stockholders is described in the following chart.

**WHAT WE DO**

**Annual election of directors**

**Board refreshment and director skill set aligned with corporate strategy**

**Majority vote standard** in uncontested elections, with director resignation policy

**Special stockholders meetings** can be called by stockholders owning at least 15% of our outstanding shares

**Proxy access** right to permit a stockholder, or a group of up to 30 stockholders, owning at least 3% of our outstanding shares continuously for at least 3 years, to nominate up to the greater of 2 directors or 20% of our Board for inclusion in our annual meeting proxy statement

**Independent Board**, all but our Chief Executive Officer

**Executive session of independent directors held at each Board and committee meeting**

**Lead Independent Director** provides strong independent leadership of our Board

**Retirement policy for directors**

**Annual Board and committee self-evaluations and peer reviews**

**Encourage continuing director education with designated annual reimbursement policy**

**Formal director orientation and continuing education program**

**Nonemployee directors expected to hold net shares** upon vesting or exercise of equity awarded after 2011 until Board service ends

**Senior management succession planning** considered at each regularly scheduled Board meeting



**Active stockholder engagement**

**Robust code of ethics in our Global Business Practice Standards**

**Board oversight of risk management**

**Corporate sustainability report** and receipt of numerous recognitions for our sustainability practices

**Clawback policy** for performance-based compensation

## WHAT WE DON'T DO

**No pledging or hedging of Edwards securities** by directors, executives, employees with a title of vice president or above and insiders under our insider trading policy

**No stockholder rights plan ( poison pill )**

**No supermajority voting provisions in the Company's organizational documents**

**Active Stockholder Engagement Program.** The Board and management are committed to engaging with Edwards stockholders and incorporating feedback into their decision-making processes. Throughout the year our CEO, CFO

and Vice President of Investor Relations meet, by phone and face-to-face, with current and prospective stockholders to discuss Edwards' strategy, business and financial results. Our Corporate Secretary and Investor Relations teams, together with other members of management and, from time to time, our Lead Independent Director, engage stockholders to solicit their views and feedback on corporate governance, compensation and other related matters and to discuss the issues that matter most to our stockholders. Stockholder feedback is shared with the Board and its committees, which enhances our corporate governance practices, facilitates future dialogue between stockholders and the Board and provides additional transparency to our stockholders. Since the 2018 annual meeting of stockholders, our Corporate Secretary and Investor

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Relations teams contacted our top stockholders representing approximately 59% of our outstanding shares and engaged with stockholders representing approximately 33% of shares outstanding. In this engagement, we received feedback from stockholders on a range of topics including corporate governance, executive compensation, and sustainability.

Over time, we have amended our Charter and Bylaws to adopt various stockholder rights and to align our corporate governance practices with our stockholders' interests.

Topic	Action Taken in Response to Stockholder Feedback
<b>Lead Independent Director Responsibilities</b>	Expanded the role of the Presiding Director position, and, in light of the additional responsibilities, designated the position, Lead Independent Director
<b>Proxy Access</b>	Amended our Bylaws to provide for proxy access at 3% and 3 year ownership and holding period duration thresholds
<b>Right to Call Special Meetings</b>	Amended our Bylaws to permit stockholders to call a special meeting  In response to a non-binding stockholder proposal requesting the right to act by written consent, engaged with stockholders representing over 50% of shares then outstanding to better understand investor views and, in response to feedback received, reduced the minimum ownership threshold to call a special meeting from 25% to 15%

**Declassified Board** Amended our Charter to eliminate the classified board

**No Supermajority Voting** Amended our Charter to eliminate supermajority voting

**Poison Pill** Did not renew poison pill when it expired in March 2010

**Majority Voting in Director Elections** Amended our Bylaws to provide for majority voting in uncontested director elections

**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 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 Mr. Gallahue, Ms. Heisz, Dr. Link, Mr. Loranger, Ms. Marsh, Mr. Valeriani and Mr. von Schack is independent under the NYSE rules. Mr. Mussallem is not independent as a result of his position as our Chief Executive Officer.

**Corporate Governance Guidelines.** Our Board has adopted a set of Corporate Governance Guidelines (the 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](http://www.edwards.com) under Investors Corporate Governance.

**Board Leadership Structure.** The independent directors evaluate the Board s leadership structure on a regular basis to ensure that the approach continues to provide independent oversight of the Company and serves the best interests of stockholders.

Our Chief Executive Officer also serves as the Chairman of the Board. Our Board believes it has been and continues to be effective for our Company. Under this model, the Company has experienced strong financial and operational growth over

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its 19 years as a public company, most recently providing a cumulative TSR of 366% to stockholders from 2013 to 2018. Our Chairman and Chief Executive Officer 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 our current leadership structure is effective because it fosters a constructive and cooperative relationship between the independent directors and management that allows our Board to most effectively carry out its oversight duties. Our Board also believes that, given its size and constructive working relationships, changing the existing structure would not improve the Board's performance. 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. Our Governance Guidelines provide that a substantial majority of our Board and all of the members of our Audit Committee and Compensation Committee will be independent under the applicable rules of the NYSE. All members of our 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 regularly scheduled in-person meeting of the Board and each committee, and otherwise as deemed necessary. These executive sessions allow directors to speak candidly on any matter of interest, without the CEO or other members of management present.

**Lead Independent Director's Role and Responsibilities.** Our Governance Guidelines provide that if our Chairman is not independent, our independent directors shall annually select an independent director to serve as Lead Independent Director (formerly referred to as our presiding director). Each year, the Lead Independent Director's performance is assessed. As part of this review, the Compensation Committee evaluates the criteria for nominees for the Lead Independent Director role and assesses any needed changes. In selecting the Lead Independent Director, the Committee considers relevant leadership, operational and corporate governance experience, relationships with other Board members and external commitments. In addition, the Lead Independent Director is expected to have a thorough understanding of the Company's business operations and history.

Mr. von Schack is currently designated as the Lead Independent Director and, as such, he presides at the executive sessions of the Board.

In discharging his responsibilities under our Governance Guidelines, Mr. von Schack:

reviews and approves Board meeting agendas and relevant information provided to the Board;

reviews and approves Board meeting schedules to assure there is sufficient time for discussion of all agenda items;

serves as a liaison between the independent members of the Board and the Chairman and other members of management;

provides 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;

provides advice and counsel to the Chairman; and

consults and directly communicates with major stockholders, as appropriate, including participation in the Company's stockholder outreach efforts.

**Board Role in Risk Oversight.** Effective risk oversight is an important priority of the Board. Its role includes understanding the critical risks in the business, allocating the responsibilities for risk oversight among the full Board and its committees, evaluating the Company's risk management processes and facilitating open communication between management and the directors.

While the Board oversees risk management, the Company's management is charged with managing risk and bringing to the Board's attention emerging risks as well as the most material risks. We have robust internal processes that facilitate the identification and management of risks and assure regular communication with the Board and the Audit Committee.

At least once per quarter, the Company's management provides the full Board with an analysis of the Company's most significant risks.

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**BOARD OF DIRECTORS MATTERS**

The Board implements its risk oversight function both as a whole and through delegation to its committees. Both committees play significant roles in carrying out the risk oversight function.

The Audit Committee oversees risks related to the financial statements, the financial reporting process and accounting matters. It also regularly reviews Edwards' risk management processes and enterprise-wide risk management, focusing primarily on manufacturing processes and supplier quality, product development processes and systems, continuity of our operations and regulatory compliance. The Audit Committee also regularly reviews treasury risks (insurance, credit, debt, currency risk and hedging programs), legal and compliance risks, information technology infrastructure and cyber-security risk, and other risk management functions. In addition, the Audit Committee considers risks to the Company's reputation and related to the maintenance of a confidential anonymous reporting hotline for ethical and compliance issues. The Audit Committee periodically receives reports on, and discusses, the risk management and escalation process and reviews significant risks and exposures with the subject matter experts in management, the internal auditors, or the independent public accountants who identify the risks and report them to the Audit 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. The Compensation Committee also reviews compensation and benefits plans affecting employees, in addition to those applicable to executive officers. The Compensation Committee has determined that the implementation and structure of the compensation policies and practices do not encourage unnecessary and inappropriate risks that could have a material adverse effect on the Company. The Compensation Committee further determined that the Company's compensation programs and practices appropriately encourage employees to maintain a strong balance sheet, improve operating performance and create value for stockholders, without encouraging unreasonable or unrestricted risks. In making these determinations, the Compensation Committee considered the views of the Company's compensation staff, legal counsel and internal audit team, as well as its Compensation Consultant (as defined below). In addition, the Compensation Committee oversees risks associated with the Company's political activities and expenditures, as well as its sustainability practices.

The full Board considers strategic risks and opportunities and regularly receives 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, 2018, the Board held seven 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 2018.

The Company encourages, but does not require, its directors to attend annual meetings of stockholders. All of our then-current directors attended the 2018 annual meeting.



**Board Composition.** Our Board has fixed the number of directors at eight.

The ages of our directors range from 55 to 74, with an average age of approximately 66. We believe in a balanced approach to director tenure that allows the Board to benefit from a mix of newer directors who bring fresh perspectives and seasoned directors who bring continuity and a deep understanding of our business. Director lengths of service on our Board range from approximately 3 years to approximately 18 years, with an average tenure of approximately 7 years. 25% of our directors are female. None of our directors currently serve on the boards of directors of more than two other public companies.

**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 and Governance Committee. The Board is permitted to establish other committees from time to time as it deems appropriate.

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*Audit Committee*

**Audit Committee Membership**

Leslie S. Heisz, Chair

Kieran T. Gallahue

Wesley W. von Schack

*Key Highlights:*

Each member is independent, financially literate, and an audit committee financial expert under applicable rules of the NYSE and the SEC.

The Audit Committee held nine meetings in 2018.

*Purpose.* The Audit Committee assists the Board in fulfilling its oversight responsibilities relating to, among other things:

the integrity of the Company's financial statements;

compliance with legal and regulatory requirements;

monitoring the independent registered public accounting firm's qualifications, performance and independence;

the performance of the Company's internal audit function;

the Company's investment and hedging activities; and

enterprise-wide risk management practices.

The Company has a full-time internal audit function that reports to the Audit Committee and to the CFO, 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 reporting to the Audit Committee and the CEO.

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 inquiries into the effectiveness of the Company's accounting and internal control functions. The Audit Committee also assists the Board in establishing and monitoring ethics and compliance with the Global Business Practice Standards of the Company. The Company's Global Business Practice Standards are posted on our website at [www.edwards.com](http://www.edwards.com) under "About Us Corporate Responsibility." 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 and reviews and approves or ratifies any related party transactions, as described under "Other Matters and Business Related Party Transactions" below.

The full responsibilities of the Audit Committee are included in its written charter, which is posted on our website at [www.edwards.com](http://www.edwards.com) under "Investors Corporate Governance."

*Compensation and Governance Committee*

<b>Compensation and Governance</b>
<b>Committee Membership</b>
William J. Link, Ph.D., Chair
Steven R. Loranger
Martha H. Marsh

Nicholas J. Valeriani

*Key Highlights:*

Each member is independent under the rules of the NYSE, a nonemployee director under Rule 16b-3 of the Securities Exchange Act of 1934, as amended (the Exchange Act), and an outside director as defined in Treasury Regulation § 1.162-27(e)(3).

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The Compensation Committee held five meetings in 2018.

*Purpose.* The Compensation Committee's responsibilities include, among other things:

determining the compensation of executive officers and recommending to the Board the compensation of outside directors;

overseeing management of succession planning, attraction and retention of talent, and risks related to the design of executive compensation programs and arrangements;

developing and recommending to the Board corporate governance guidelines for the Company;

identifying, evaluating and recommending individuals qualified to be directors to the Board; and

overseeing the evaluation of the Board and management.

In making its decisions, the Compensation Committee considers recommendations provided by our CEO and Corporate Vice President of Human Resources regarding compensation of the NEOs (other than the CEO), as further described under "Compensation Discussion and Analysis - Compensation Process" below. The Compensation Committee has also delegated to (i) the CEO the authority to grant stock options or other equity awards to eligible employees who are not executive officers, and (ii) the Administrative and Investment Committee the administrative and fiduciary functions related to the Company's employee benefit plans, including the review of funding and investment of plan funds, and the authority to approve amendment to the plans, appoint trustees and enter into trust agreements..

In 2018, the Compensation Committee retained the services of Semler Brossy Consulting Group as its independent compensation consultant ( "Compensation Consultant" ). See "Compensation Discussion and Analysis - Independent Compensation Consultant" for additional information regarding the Compensation Committee's engagement of its Compensation Consultant.

The Compensation Committee also advises the Board on Board committee structure and membership and corporate governance matters. It evaluates the governance environment, receives feedback from management interactions with stockholders, and reviews and recommends to the Board corporate governance enhancements that are in the best interest of the Company and its stockholders.

The Compensation Committee also oversees Edwards' political activities, including the periodic review of its policy on political expenditures and its payments that may be used for political purposes, and confirms that political expenditures from corporate funds are consistent with the policy. In addition, the Compensation Committee reviews

and oversees Edwards' principles, programs and practices on sustainability topics, including environmental and social affairs. Reports concerning political activities and sustainability efforts and metrics are presented periodically to the Compensation Committee.

The full responsibilities of the Compensation Committee are included in its written charter, which is posted on our website at [www.edwards.com](http://www.edwards.com) under Investors Corporate Governance.

**Succession Planning.** Our Board is actively engaged and involved in talent management to identify and cultivate our future leaders. At every Board meeting, directors discuss the Company's leadership and talent development. Our directors also have an opportunity to meet with Company leaders, including executive officers, business group leaders and functional leaders through regular reports to the Board from senior management, technology showcases and meals with management. In addition, Board members have freedom of access to all employees, and have made site visits to meet local management.

We maintain a robust mid-year and annual performance review process for our employees, as well as a leadership development program that cultivates leadership principles in our future leaders. Management develops leadership at lower levels of the organization by identifying key talent and exposing them to the skills and capabilities that will allow these individuals to become future leaders.

**Communications with the Board.** Stockholders and other interested parties who desire to contact any member of the Board, including the Lead Independent Director or the non-management members of the Board as a group, may write to

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BOARD OF DIRECTORS MATTERS

any member or members of the Board at: Board of Directors, c/o Corporate Secretary, Edwards Lifesciences Corporation, One Edwards Way, Irvine, California 92614. Communications will be received by the Corporate 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.

**CORPORATE SOCIAL RESPONSIBILITY**

Edwards' Sustainability Report discusses our programs and practices designed to promote ethical business practices, good corporate governance, and the well-being and health of our environment, employees, and the communities in which we live and work. We conducted a comprehensive materiality assessment through engagement with internal and external stakeholders that identified the sustainability topics that matter most for the Company. Sustainability targets were set that align with our five Corporate Aspirations. Our team continues to assess and report progress on our targets annually. We also expanded our Sustainability Metrics at-a-Glance, a snapshot of our ESG data, to provide additional data, and we developed Governance Maps that show the process used to establish accountability in one overarching, interactive graphic to illustrate Edwards' internal responsibility structures for managing our material topics. Each section describes who is involved when we set, execute, and communicate our strategy.

Our Board recognizes the importance of our sustainability initiatives and the need to provide effective oversight. Our Compensation Committee maintains formal oversight responsibilities with regular discussions at meetings of the full Board. Through a well-established framework and cross-functional Sustainability Council with leaders from across the organization, we continue to build on our disclosure reflecting the recognition of sustainability within our businesses' core strategy and our belief that sustainability is essential to long-term growth.

We received numerous recognitions for our sustainability and environmental responsibilities practices in 2018, some of which are highlighted below:

Named one of **America's Most JUST Companies** from Forbes and JUST Capital. United States largest publicly traded companies are ranked on the issues Americans care about most;

Named as one of the **Management Top 250** by the Wall Street Journal in partnership with the Drucker Institute. listed #39 out of 752 companies ranked. Within this list, Edwards was also cited as one of the *7 Companies That Do Everything Well* achieving high marks in all five dimensions of corporate performance: Customer Satisfaction, Employee Engagement and Development, Innovation, Social Responsibility and Financial Strength;

Recognized as one of the **100 Best Corporate Citizens** standout environmental, social and governance (ESG) performance of public companies across the United States that documents 260 ESG data points of disclosure and

performance measures in seven categories: environment, climate change, employee relations, human rights, governance, finance, and philanthropy & community support; and

Constituent of the **DJSI ESG North America Index** the Dow Jones Sustainability North America tracks the performance of the top 20% of the 600 largest United States and Canadian companies in the S&P Global Broad Market Index that lead the field in sustainability.

More details on our ESG efforts can be found in our Sustainability Report posted on our website at [www.edwards.com](http://www.edwards.com) under About Us > Corporate Responsibility. A complete list of recognitions can be found under About Us > Awards & Recognitions.



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**Board Oversight Over Environmental, Sustainability, and Corporate Social Responsibility**

**Our Board has designed robust internal processes to oversee our  
Company's sustainability principles, strategies, and initiatives**

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**DIRECTOR COMPENSATION****Director Compensation Table 2018**

The following table presents the 2018 compensation paid or awarded to each individual who served as a nonemployee director at any time during 2018. The compensation paid to Mr. Mussallem is presented in the Executive Compensation disclosures beginning on page 42. Mr. Mussallem does not receive additional compensation for his service as a director.

Name	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Stock Awards (\$) <sup>(2)</sup>	Option Awards (\$) <sup>(2)</sup>	Total (\$)
		\$ 224,997		
Mr. Gallahue	\$70,120			\$ 295,117
	81,294	224,997		306,291
Ms. Heisz				
	83,120	224,997		308,117
Dr. Link				
	56,294	224,997		281,291
Mr. Loranger				

	65,000	224,997	289,997
Ms. Marsh			
	95,120	224,997	320,117
Mr. von Schack			
	65,000	224,997	289,997
Mr. Valeriani			

- (1) Consists of annual retainer fees and meeting fees for service as a director and a member of Board committees. Please see the **Retainers and Fees** section below. Director fees that would have been paid in cash, but, at the election of the director, converted to stock or option awards are included in this **Fees Earned or Paid in Cash** column.
- (2) Amounts disclosed in these columns reflect the aggregate grant-date fair value of the stock award or option award, as applicable, granted to our nonemployee directors during 2018 as determined under the principles used to calculate the grant-date fair value of equity awards for purposes of our financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. 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 13 of the **Notes to Consolidated Financial Statements** in the 2018 Annual Report.

Please see the information under **Nonemployee Directors Stock Incentive Program** and **Outstanding Nonemployee Director Equity Awards** below for the grant-date fair value of each stock and option award granted to our nonemployee directors in 2018 as well as the stock and option awards held by each nonemployee director at the end of 2018.

**Retainers and Fees.** Nonemployee directors received the following retainers and fees in 2018:

## Nonemployee Director Retainers and Fees

### Annual Retainers

Nonemployee Director	\$ 65,000
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Lead Independent Director	\$ 25,000
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Audit Committee Chair	\$ 25,000
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Audit Committee Member	\$ 5,000
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Additional Meeting Fees if meetings exceed the following:	\$ 1,500*
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10 meetings for the Board

10 meetings for the Audit Committee

7 meetings for the Compensation and Governance Committee

Compensation Committee Chair	\$ 18,000
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\* Per meeting; meeting fees cannot be deferred.

A director may elect to receive stock options or restricted shares in lieu of the annual cash retainers as described in Deferral Election Program below. Meeting fees, however, cannot be deferred. Retainers are paid in advance. Directors beginning service during the year receive a prorated amount of the retainer.

**Nonemployee Directors Stock Incentive Program.** In order to align the nonemployee directors' interests more closely with the interests of our stockholders, we have implemented our Nonemployee Directors Stock Incentive Program (the Nonemployee Directors Program), pursuant to which each nonemployee director receives an annual grant of options for up to 40,000 shares of our common stock, or RSUs for up to 16,000 shares of our common stock, or a combination of options and RSUs with a maximum grant-date value of approximately \$225,000. The Compensation Committee recommends to the Board for its approval the actual amount and type of award for each year.



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The annual equity award is granted on the day after our annual meeting. The option exercise price is the closing price of our common stock on the grant date. Options are valued as of the grant date using the Black-Scholes valuation model, and the RSUs are valued at the fair market value of the common stock on the grant date.

On May 18, 2018, each nonemployee director who was serving on that date received 1,655 RSUs as an annual grant (the grant-date fair value of such award was \$224,997, determined as noted in footnote (2) to the Director Compensation Table above).

These RSUs vest 100% upon the earlier of the completion of one year of service on the Board measured from the grant date, or the date of the next annual meeting, subject to earlier vesting in the event of the nonemployee director's death or disability. Once the RSUs vest, the shares must be held until the nonemployee director no longer serves on the Board.

Prior to 2017, upon a nonemployee director's initial election to the Board, the new nonemployee director received a grant of the numbers of RSUs or stock options determined by dividing \$200,000 by the fair value of a share on the grant date for RSUs, or the fair value of an option on the grant date, estimated using the Black-Scholes valuation model, and in either case rounding up to the nearest whole share, provided that in no event shall such number exceed twenty thousand (20,000) shares. Initial stock option awards vest one-third each year over three years from the grant date, subject to the nonemployee director's continued service on the Board, and subject to earlier vesting in the event of the nonemployee director's death or disability. The exercise price of an option is the closing price of our common stock on the date of the award. With respect to initial stock option awards granted after May 14, 2013, the shares of our common stock issued upon exercise of the options must be held until the nonemployee director no longer serves on the Board.

**Deferral Election Program.** In lieu of all or part of a nonemployee director's annual cash retainer, the director may elect to receive either stock options or restricted stock awards under the Nonemployee Directors Program. If a director makes a timely election to receive stock options, such options are granted on the date the cash retainer would otherwise have been paid, and the number of shares subject to the option is equal to four times the number of shares that could have been purchased on the grant date with the amount of the director's cash retainer that was foregone to receive the award. The options are exercisable and vested in full on the grant date, and the exercise price per share is the fair market value of the common stock on the grant date. If a director makes a timely election to receive a restricted share award, the shares are granted on the date the cash retainer would otherwise have been paid, and the number of shares granted is equal to the portion of the cash retainer to be paid in the form of restricted shares divided by the fair market value per share of the common stock on the grant date. The restrictions on the restricted shares lapse upon the earlier of (1) the one-year anniversary of the grant date or (2) the date of the next regular annual meeting of stockholders at which members of the Board are to be elected.

On May 18, 2018, Ms. Heisz and Mr. Loranger each received 1,913 stock options in lieu of his or her annual cash retainer (the grant-date fair value of each such award was \$56,294, determined as noted in footnote (2) to the Director Compensation Table above). On the same date, Messrs. Gallahue and von Schack, and Dr. Link each received a grant of 479 restricted shares in lieu of his annual cash retainer (the grant-date fair value of each such award was \$65,120,

determined as noted in footnote (2) to the Director Compensation Table above).

**Directors Stock Ownership Guidelines and Holding Requirement.** Under the stock ownership guidelines, each nonemployee director is expected to own shares of our common stock equal to \$360,000. This amount equals almost six times the annual cash retainer received by each nonemployee director. Stock that is counted toward meeting the guideline includes any shares owned outright, restricted stock, RSUs and 25% of the value of vested, in-the-money stock options. Upon vesting or exercise of equity awarded after 2011, each director is required to hold the underlying common stock (net of any shares sold to cover the exercise price and applicable taxes) until the director's Board service ends. The holding requirement does not apply to equity awards directors elect to receive in lieu of their cash retainers.

**Expense Reimbursement Policy.** Directors are reimbursed for travel expenses related to their attendance at Board and committee meetings as well as for the costs of attending director continuing education programs.

The Board may change compensation arrangements for nonemployee directors from time to time.

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## BOARD OF DIRECTORS MATTERS

**Outstanding Nonemployee Director Equity Awards**

The following table sets forth, as of December 31, 2018, the stock options and unvested stock awards (RSUs and restricted shares) held by each nonemployee director who served on the Board in 2018.

Name	Grant Date	Exercise Price (\$)	Option Awards		Stock Awards
			Unvested Option Awards (#)	Option Awards Vested and Outstanding (#)	Stock Awards Not Vested (#)
Mr. Gallahue	02/19/2015	66.860		10,752 <sup>(1)</sup>	
	05/12/2017	110.590		2,352 <sup>(2)</sup>	
	05/18/2018				1,655 <sup>(3)</sup>
	05/18/2018				479 <sup>(4)</sup>
Total				13,104	2,134
Ms. Heisz	07/14/2016	107.030	2,186 <sup>(1)</sup>	4,371 <sup>(1)</sup>	
	05/12/2017	110.590		2,352 <sup>(2)</sup>	
	05/18/2018	135.950		1,913 <sup>(2)</sup>	
	05/18/2018				1,655 <sup>(3)</sup>
Total			2,186	8,636	1,655
Dr. Link	05/18/2018				1,655 <sup>(3)</sup>
	05/18/2018				479 <sup>(4)</sup>
Total					2,134
Mr. Loranger	05/12/2016	105.590	2,200 <sup>(1)</sup>	4,399 <sup>(1)</sup>	
	05/18/2018	135.950		1,913 <sup>(2)</sup>	
	05/18/2018				1,655 <sup>(3)</sup>
Total			2,200	6,312	1,655



Ms. Marsh	11/19/2015 05/18/2018	77.965	9,574 <sup>(1)</sup>	1,655 <sup>(3)</sup>
Total			9,574	1,655
Mr. von Schack	05/18/2018 05/18/2018			1,655 <sup>(3)</sup> 479 <sup>(4)</sup>
Total				2,134
Mr. Valeriani	11/13/2014 05/18/2018	62.275	11,536 <sup>(1)</sup>	1,655 <sup>(3)</sup>
Total			11,536	1,655

- (1) Initial stock option awards vest one-third annually on the anniversary of the grant date, subject to the nonemployee director's continued service on the Board.
- (2) Annual retainer fees deferred into stock options under the Deferral Election Program vest 100% immediately upon grant.
- (3) Annual awards vest on the earlier of (i) the one-year anniversary of the grant date or (ii) the date of the next regular annual meeting of stockholders at which members of the Board are to be elected.
- (4) Annual retainer fees deferred into restricted shares under the Deferral Election Program vest on the earlier of (i) the one-year anniversary of the grant date or (ii) the date of the next regular annual meeting of stockholders at which members of the Board are to be elected.

**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, 2019 by each stockholder known by the Company to own beneficially more than 5% of the Company's common stock. Percent of beneficial ownership is based upon 208,050,223 shares of the Company's common stock outstanding as of February 28, 2019.

Principal Stockholder Name and Address	Total Shares	
	Beneficially Owned	Percentage of Class
The Vanguard Group <sup>(1)</sup> 100 Vanguard Blvd. Malvern, PA 19355	21,856,659	10.51%
BlackRock, Inc. <sup>(2)</sup> 55 East 52nd Street New York, NY 10055	16,431,419	7.90%

- (1) Based solely on information contained in the Schedule 13G/A filed with the SEC by The Vanguard Group, on its own behalf, on February 11, 2019. The Schedule 13G/A indicates The Vanguard Group has sole voting power for 256,142 shares, shared voting power for 46,215 shares, sole dispositive power for 300,506 shares and shared dispositive power for 300,506 shares.

(2) Based solely on information contained in the Schedule 13G/A filed with the SEC by BlackRock, Inc. on its own behalf, on February 4, 2019. The Schedule 13G/A indicates BlackRock, Inc. has sole voting power for 14,636,441 shares and sole dispositive power for 16,431,419 shares.

The following table sets forth certain information regarding beneficial ownership of the Company's common stock as of February 28, 2019 by (i) each of the NEOs (as named below); (ii) each of our directors; and (iii) all of our directors and executive officers as a group. Percent of beneficial ownership is based upon 208,050,223 shares of the Company's common stock outstanding as of February 28, 2019.

Under the column "RSUs and Shares Underlying Options," we include the number of shares that could be acquired within 60 days of February 28, 2019 pursuant to the exercise of stock options or the vesting of stock unit awards. These shares are not deemed outstanding for purposes of computing the beneficial ownership of any other person. Unless otherwise indicated, we believe that the stockholders listed have sole voting and investment power with respect to all shares, subject to applicable community property laws.

Named Executive Officers, Executive Officers and Directors:	Outstanding Shares Beneficially Owned <sup>(1)</sup>	RSUs and Shares Underlying Options	Total Shares Beneficially Owned	Percentage of Class
Mr. Mussallem	869,327	1,288,103	2,157,430	1.03%
Mr. Ullem	67,962	133,850	201,812	*
Mr. Bobo	68,089	231,687	299,776	*
Ms. Szyman	14,953	85,764	100,717	*
Mr. Wood	105,415	117,004	222,419	*
Mr. Gallahue	14,079	13,104	27,183	*

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Ms. Heisz	2,034	8,636	10,670	*
Dr. Link	27,497		27,497	*
Mr. Loranger	9,563	6,312	15,875	*
Ms. Marsh	3,975	9,574	13,549	*
Mr. von Schack	39,088		39,088	*
Mr. Valeriani	7,017	11,536	18,553	*
All directors and executive officers as a group (15 persons)	1,290,368	2,130,348	3,420,716	1.63%

\* Less than 1%

(1) Includes shares held by family trust, members of his or her household, or jointly as follows: Mr. Mussallem, 745,400; Mr. Ullem, 67,962; Mr. Bobo, 46,832; Ms. Szyman, 2,302; Mr. Gallahue, 13,600; Mr. Loranger, 5,000; Dr. Link, 12,422; and Mr. von Schack, 38,609.

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

**EXECUTIVE OFFICERS**

Set forth below is the biographical information regarding our current executive officers, other than Mr. Mussallem, whose biographical information is set forth under Proposal 1 Election of Directors Director Nominees above. None of the executive officers has any family relationship with any other executive officer or any of our directors.

**Donald E. Bobo, Jr.**, age 57. Mr. Bobo has been Corporate Vice President since 2007 and is responsible for Edwards' corporate strategy and corporate development functions. In addition, Mr. Bobo has executive responsibility for the Company's disease awareness and heart failure initiatives, as well as the healthcare solutions and commercial services team. Mr. Bobo has more than 30 years of experience in the medical products and healthcare industry and has served in various operating roles at Edwards, including most recently, the leadership of the Company's transcatheter mitral and tricuspid therapies organization, the global heart valve therapy business and global valve manufacturing operations. Prior to joining Edwards in 1995, Mr. Bobo held a variety of roles with increasing levels of responsibility with American Hospital Supply and Baxter Healthcare Corporation. He has served on the Board and Executive Committee of the California Life Sciences Association since 2015 and served as its Chairman of the Board from May 2017 to May 2018.

**Daveen Chopra**, age 40. Mr. Chopra has been Corporate Vice President, Surgical Structural Heart since June 2018. Mr. Chopra has broad experience in the medical technology industry including global leadership in strategy, marketing, commercial operations, research and development, and program management. Prior to joining Edwards, Mr. Chopra held various roles with increasing levels of responsibility at Medtronic. He was the global leader, serving as vice president and general manager, of Medtronic's aortic franchise, part of Medtronic's aortic and peripheral vascular business. Mr. Chopra previously served as vice president of global marketing leading Medtronic's endovascular therapies business. While in Medtronic's endovascular therapies business, he served as vice president, U.S. commercial operations, director of program management office, senior business manager for the endovascular and peripheral business in Asia-Pacific, global group product manager for thoracic stent grafts, and international aortic product manager. Prior to Medtronic, Mr. Chopra served as an international strategy consultant at The Parthenon Group supporting clients in various industries ranging from education to industrial manufacturing.

**Jean-Luc Lemerrier**, age 61. Mr. Lemerrier has been Corporate Vice President, EMEA (Europe, Middle East and Africa), Canada and Latin America since July 2017. Prior to assuming his current role, Mr. Lemerrier served as Vice President of Transcatheter Heart Valves EMEA from 2008 to 2017. Under his leadership, Edwards successfully launched the SAPIEN transcatheter heart valve technology and built its leadership position in Europe. Before joining Edwards, Mr. Lemerrier served in various leadership roles with Johnson & Johnson Cordis from 1996 to 2008, including leader of the structural heart disease group in the United States; Vice President of New Business Development in Europe; Vice President of the Cordis Cardiology Division in Belgium; and General Manager of Cordis France. Mr. Lemerrier has more than 30 years of medical technology experience, beginning with Baxter in France, and held several sales and marketing management positions within Baxter Europe and the United States. Mr. Lemerrier has served on the Board of CARMAT since January 2017.

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**Catherine M. Szyman**, age 52. Ms. Szyman has been Corporate Vice President, Critical Care since 2015. Prior to 2015, she was employed for more than 20 years at Medtronic, LLC, where she served as its Senior Vice President and President of Medtronic's global diabetes business from 2009 to 2014, overseeing research, development, operations, sales and marketing for Medtronic's insulin infusion pumps and continuous glucose monitoring systems. Prior to that, she held a variety of leadership roles at Medtronic, including Senior Vice President of Corporate Strategy and Business Development, General Manager of Endovascular Innovations and Vice President of Finance for the Cardiovascular Business. Ms. Szyman previously served on the Boards of Tornier, Inspire Medical Systems, and the California Healthcare Institute.

**Scott B. Ullem**, age 52. Mr. Ullem became Corporate Vice President, Chief Financial Officer in January 2014. Prior to joining Edwards, he served from May 2010 to December 2013 as Chief Financial Officer of Bemis Company Inc., a Fortune 500 publicly traded global supplier of packaging and pressure sensitive materials used in leading food, consumer, and healthcare products. Mr. Ullem also had leadership responsibility for one of Bemis's three business segments and the company's information technology function. Before joining Bemis, Mr. Ullem spent 17 years in investment banking, serving as Managing Director at Goldman Sachs and later at Bank of America. He has served on the Board and Compensation Committee of Berry Global Inc. since 2016 and is a Henry Crown Fellow at the Aspen Institute.

**Huimin Wang, M.D.**, age 62. Dr. Wang has been Corporate Vice President, Japan, Asia and Pacific since 2010. From 2004 to 2010, he served as Corporate Vice President, Japan and Intercontinental Regions and was Corporate Vice President, Japan from 2000 to 2004. Previously, he served in a number of roles with Baxter Healthcare Corporation, including Senior Manager of Strategy Development, Director of Product/Therapy for the Renal Division in Japan, President of Medical Systems and Devices in Japan, and was a representative director of Baxter Limited, a Japan corporation, through September 2002. Before joining Baxter, Dr. Wang was a senior associate with Booz, Allen & Hamilton in Chicago, Vice President of Integrated Strategies, a consulting and venture management firm he co-founded, and an associate with McKinsey & Company.

**Larry L. Wood**, age 53. Mr. Wood has been Corporate Vice President, Transcatheter Aortic Valve Replacement since 2007. He is responsible for Edwards' key initiatives in transcatheter heart valve replacement around the globe, including research and development, operations, marketing, commercial clinical and regulatory initiatives. Most recently prior to his current role, from March 2004 to February 2007, he served as Vice President and General Manager, Percutaneous Valve Interventions. Mr. Wood has more than 30 years of experience in the medical technology industry at both Edwards and Baxter Healthcare Corporation in positions including manufacturing management, regulatory affairs and strategic and clinical marketing, primarily for the surgical heart valve therapy business.



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EXECUTIVE COMPENSATION AND OTHER INFORMATION

**COMPENSATION DISCUSSION AND ANALYSIS**

This Compensation Discussion and Analysis describes and provides disclosure about the objectives and policies underlying our executive compensation programs.

**Executive Summary**

Edwards is the global leader in patient-focused medical innovations for structural heart disease, as well as critical care and surgical monitoring. Driven by a passion to help patients, we collaborate with the world's leading clinicians and researchers to address unmet healthcare needs, working to improve patient outcomes and enhance lives.

*Pay-for-Performance Philosophy.* The Compensation Committee strives to create a pay-for-performance culture and strongly believes that executive compensation should be tied not only to performance but also directly to the successful implementation of our corporate strategy.

We embrace a corporate strategy that puts patients first and creates value with therapies that transform care. We execute our strategy by focusing on the right thing for patients, identifying unmet clinical needs and developing breakthrough therapies, doing so in a way that establishes trusted relationships with our stakeholders. As a direct result of our strategy, we have introduced new therapies such as transcatheter aortic valve replacement, rapid-deployment surgical heart valves and noninvasive advanced hemodynamic monitoring, all while achieving our stated financial and operating objectives, and strengthening our leadership positions. Managing our business well in a challenging, highly regulated, dynamic environment requires talented and energetic leaders who champion our strategy and deliver on our commitments.

Our executive compensation programs are designed to emphasize performance-based compensation, reward financial performance and the implementation of our corporate strategy, and align the financial interests of our executives with those of our stockholders.

**EDWARDS CORPORATE STRATEGY INFORMS PAY DESIGN**

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

Long-term incentive awards are designed to align the financial interests of our executives with those of our stockholders. Awards granted to our NEOs in 2018 included stock options, PBRsUs and time-based RSUs. We believe our equity compensation mix provides a balance of incentives that serve to retain executive talent while reinforcing our long-term growth strategy, as a company focused on exceptional revenue growth, strong profitability, and long-term stockholder returns.

Edwards' 2018 NEOs are as follows:

**NEO NAMES AND POSITIONS**

**Michael A. Mussallem**

*Chairman and Chief Executive Officer*

**Scott B. Ullem**

*Corporate Vice President, Chief Financial Officer*

**Donald E. Bobo**

*Corporate Vice President, Strategy and Corporate Development*

**Catherine M. Szyman**

*Corporate Vice President, Critical Care*

**Larry L. Wood**

*Corporate Vice President, Transcatheter Aortic Valve Replacement*

**2018 Financial and Operating Performance.** Overall, we achieved outstanding financial results and operating performance in 2018, meeting or exceeding our expectations for sales growth, net income growth, and free cash flow generation. We also made important progress on future advancements for patients.

Strong underlying<sup>1</sup> sales growth of 10% was driven by:

Clinician and patient preferences for our innovative transcatheter aortic valve therapies, including the best-in-class Edwards SAPIEN 3 transcatheter heart valve;

Continued adoption of our newer premium aortic surgical heart valves, INSPIRIS RESILIA and Edwards INTUITY Elite; and

Broad use of our critical care technologies, including the ongoing rollout of our HemoSphere smart monitoring platform.

Profitability was also strong in 2018, even as we continued to invest aggressively in our innovation initiatives and infrastructure. Utilizing significant savings in the reduction of our effective tax rate resulting from the Tax Cuts and Jobs Act of 2017, we hired new employees, accelerated research and development initiatives, and contributed more to employee retirement accounts. We directed a significant portion of our infrastructure investment toward the creation of a new product category dedicated to developing transcatheter solutions for the many patients suffering from mitral and tricuspid valve diseases.

<sup>1</sup> Underlying amount is a non-GAAP item. Refer to the Appendix for a reconciliation to the most directly comparable GAAP financial measure.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Stock Performance.** One indicator of our pay-for-performance culture is the relationship of our NEOs' total direct compensation to total stockholder return. Over the past five years, on average, 88% of the CEO's total direct compensation has been performance-based, and 74% is tied to the performance of Edwards' stock. As a general indicator, the Compensation Committee considers how Edwards' cumulative total return to stockholders compares to both the S&P 500 Index and the S&P Healthcare Equipment Index. The table below illustrates our Company's 5-year cumulative total stockholder return on common stock with the cumulative total returns of the S&P 500 Index and the S&P Health Care Equipment Index. The cumulative total return listed below assumes an initial investment of \$100 at the market close on December 31, 2013 and reinvestment of dividends. Stockholder returns over the indicated period should not be considered indicative of future stockholder returns.

**COMPARISON OF 5-YEAR CUMULATIVE TOTAL RETURN\***

\* \$100 invested on 12/31/13 in stock or index, including reinvestment of dividends. Fiscal year ending December 31.

The stock price performance included in this graph is not necessarily indicative of future stock price performance.

**2018 Annual Incentive Plan Outcomes and Long-Term Incentives.** The three measures used to evaluate financial achievement under our annual cash incentive plan were revenue growth, net income and free cash flow, all computed on a non-GAAP basis. Our financial results resulted in financial achievement at 112% of target under the cash incentive plan. In addition, our overall achievement of KODs for 2018 was 106%. Accordingly, our cash incentive plan for corporate employees funded at 119% of target. Final incentive amounts for the NEOs for 2018 also took into account each employee's individual performance, as more fully described below under Elements of Compensation Annual Cash Incentive Payment.

The PBRsUs awarded to NEOs in 2015 that vested in 2018 were based on Edwards' TSR over a three-year performance period relative to the TSR of the SPSIHE subset for that same period. The payout of these PBRsUs tracked the strong performance of our stock after the three-year period and paid out at 175% of target, as more fully described under Elements of Compensation Determination as to 2015 PBRsU Awards.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

*Compensation Program Highlights.* The Compensation Committee believes that its executive compensation and benefits philosophy and objectives have resulted in programs that align executives with stockholder interests.

WHAT WE DO

**Pay-for-Performance.** Approximately 89% of the total direct compensation of our CEO, and an average of 78% of the total direct compensation of our other NEOs, was performance-based in 2018.

**Linkage Between Performance Measures and Strategic Imperatives.** Performance measures for incentive compensation are linked to our Strategic Imperatives through achievement of KODs and are designed to create long-term stockholder value and hold executives accountable for their individual and Edwards performance.

**Performance-Based Equity.** Our PBRsUs vest based on our relative TSR over a three-year period.

**Minimum Three-Year Vesting.** Equity compensation is structured to vest over a minimum period of three years, subject to limited exceptions.

**Robust Executive Stock Ownership Guidelines with Holding Period Requirements.** Executives are required to hold Edwards stock with a value not less than six-times salary for our CEO and three-times salary for each other NEO. Fifty percent of net shares received as equity compensation must be retained until the guideline has been met.

**CEO Stock Ownership.** Our CEO far exceeds his six-times salary ownership guideline and has continued to increase his ownership of Edwards' stock each year.

**Modest Perquisites.** We provide modest perquisites and have a business rationale for the perquisites that we do provide.

**Double Trigger in the Event of a Change in Control.** Severance benefits are paid, and equity compensation awarded starting in May 2015 accelerates in connection with a severance, only upon a double trigger in connection with a change in control (meaning a termination of the executive's employment is required, in addition to the occurrence of a change in control, in order for the benefits to be triggered).

**Use of Tally Sheets.** The Compensation Committee annually reviews summaries of prior and potential future compensation levels (referred to as tally sheets) when making compensation decisions.

**Clawback Policy.** We maintain a recoupment policy for performance-based compensation.

**Independent Compensation Consultant.** The Compensation Committee engages an independent compensation consulting firm that provides us with no other services.

## WHAT WE DON'T DO

**No excise tax gross-ups** for executive officers.

**No repricing** or buyout of underwater stock options.

**No pledging of Edwards securities** by members of the Board, all employees with a title of vice president equivalent or above, and Designated Insiders under our insider trading policy.

**No hedging of Edwards securities** by members of the Board, all employees with a title of vice president equivalent or above, and Designated Insiders under our insider trading policy.

***Consideration of Say-on-Pay Vote Results.*** At our 2018 annual meeting, our stockholders cast an advisory vote on the compensation of our NEOs (a say-on-pay vote). Approximately 94% of the votes cast on this proposal voted in favor of our NEO compensation. We believe this vote reflects stockholders' continued strong support of compensation programs for our NEOs. The Compensation Committee will continue to consider the results of say-on-pay votes when making future compensation decisions for the NEOs.

***Compensation Philosophy and Objectives for NEOs.*** 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 place a higher emphasis on performance-based compensation than fixed compensation;

align the financial interests of executives with those of our stockholders; and

provide compensation that is competitive.



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We strongly believe that a significant amount of compensation for the NEOs should be composed of short-term and long-term incentives, or at-risk pay, to focus the executives on near-term goals and strategic initiatives. The amount of such short-term and long-term incentive compensation is dependent on achievement of our annual goals, individual performance, and long-term increases in the value of our stock. The target total direct compensation for each NEO consists of (i) base salary, (ii) Incentive Pay Objective (as defined under Elements of Compensation Annual Cash Incentive Payment below), and (iii) long-term incentive awards (presented in the charts below using their grant-date fair values).

The charts below illustrate the percentage weighting of each compensation vehicle that comprise the 2018 target total direct compensation for the CEO and the average for the other NEOs.

**Compensation Process.** The Compensation Committee is responsible for discussing, evaluating and approving the compensation of the CEO and the other NEOs, including the specific objectives and target performance levels to be included in our executive compensation plans. The CEO and other members of the executive leadership team develop our Strategic Imperatives as well as the KODs that measure our achievement of these imperatives. The Board reviews and approves the Strategic Imperatives and KODs at the start of every year. The CEO provides input to the Compensation Committee after year-end regarding achievement of our Strategic Imperatives and KODs and the way results were achieved. In addition, the CEO and the Corporate Vice President of Human Resources provide recommendations to the Compensation Committee regarding compensation of the NEOs (other than the CEO). The Compensation Committee then determines the compensation of the CEO and reviews and approves the compensation of the other NEOs.

The CEO and the Corporate Vice President of 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 CEO or other management representatives. Meetings of the Compensation Committee may only be called by members of the Compensation Committee. In addition, our CEO and Corporate Vice President of Human Resources meet with the Compensation Consultant in preparation for Compensation Committee meetings, and the Compensation Consultant also regularly attends Compensation Committee meetings and participates in executive sessions with the Compensation Committee.

**Independent Compensation Consultant.** The Compensation Consultant, Semler Brossy Consulting Group, has been retained by and reports to the Compensation Committee and provides executive and director compensation consulting services to the Compensation Committee.

Semler Brossy's responsibilities for fiscal 2018 generally included:

Annual and periodic reviews of executive total compensation relative to peers;

Annual and periodic reviews of Director total compensation;

Annual and periodic reviews of the Company's comparator group;

Report on proxy advisory firms around say-on-pay and other compensation matters;

Presentations on specialized topics, as requested or applicable;

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

Reports to the Compensation Committee on market trends and best practices in compensation; and

Attendance and participation in all Compensation Committee meetings and stockholder consultations, as requested. The Compensation Consultant does not provide any other services to the Board or the Company. The Compensation Committee has assessed the independence of the Compensation Consultant pursuant to the NYSE rules and determined that the Compensation Consultant is independent, and free of conflicts of interest with us or any of our directors or executive officers.

**Use of Competitive Data.** We generally position each NEO's target total direct compensation to approximate the median for comparable positions at competitive peer companies. However, in determining the appropriate positioning level of each NEO's target total direct compensation and each component of compensation for an NEO, the Compensation Committee also takes 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 our future growth. Accordingly, an NEO's actual compensation may be higher or lower than the median for the position based on the Compensation Committee's assessment of these other factors. If the Compensation Committee determines that changes are appropriate, it has the flexibility to make adjustments for one or more executives.

Consistent with our philosophy of emphasizing pay for performance, annual cash incentive payments are designed to be above Incentive Pay Objectives when we exceed our goals and below the Incentive Pay Objectives when we do not achieve our 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. RSUs and PBRsUs are valued at the fair market value of the underlying shares on the grant date. Except as otherwise noted above or described below, the Compensation Committee's executive compensation determinations are subjective and the result of the Compensation Committee's business judgment, which is informed by the experiences of the members of the Compensation Committee as well as the input from the Compensation Consultant and peer group data provided by the Compensation Consultant. In order to establish competitive compensation market data for the NEOs, the Compensation Consultant uses public proxy information from companies primarily in the medical technology industry. These peer companies are chosen based on the Compensation Committee's assessment of their market capitalization, revenue, business focus, complexity, geographic location and the extent to which the Compensation Committee believes they compete with us for executive talent (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 our competitive market and provides statistical reliability.

The review of the Comparator Group for pay decisions in 2018 was conducted in July 2017. After evaluating a series of qualitative and quantitative factors among other publicly traded U.S. companies in our industry, including scale, talent, business, and operational characteristics and overlap among peers, the Compensation Committee determined to

make no changes to the Comparator Group used to make 2018 executive compensation decisions other than the removal of St. Jude Medical, Inc. because it was acquired by Abbott Laboratories on January 4, 2017. For 2018, the Comparator Group consisted of the following companies:

**Edwards 2018 Comparator Group**

Abbott Laboratories

Integra Lifesciences Holdings Corporation

Agilent Technologies, Inc.

Intuitive Surgical, Inc.

Alexion Pharmaceuticals, Inc.

Medtronic Plc

Becton, Dickinson and Company

PerkinElmer, Inc.

Boston Scientific Corporation

ResMed Inc.

C. R. Bard, Inc.\*

Stryker Corporation

The Cooper Companies, Inc.

Teleflex, Inc.

DENTSPLY SIRONA, Inc.

Varian Medical Systems, Inc.

Hologic, Inc.

Waters Corporation

IDEXX Laboratories, Inc.

Zimmer Biomet Holdings, Inc.

Illumina, Inc.

\* Acquired by Becton, Dickinson and Company subsequent to when the Compensation Committee determined the Comparator Group.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

As of June 30, 2017, Edwards ranked at the 57th percentile 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. 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 Comparator Group companies.

Although data from the Comparator Group are the primary data input for compensation decisions for the NEOs, consideration is given to compensation data for companies in healthcare-related industries as reported in nationally recognized Radford Global Technology and Global Lifesciences Compensation Surveys. The Compensation Committee considers both survey data that is healthcare-specific and also general industry data for companies within a similar size scope to Edwards. The Compensation Committee believes it is appropriate to refer to these additional data because we compete with these types of companies for executive talent.

When compared to similar positions at our 2018 Comparator Group companies, our target total direct compensation and the elements of compensation (base salary, annual cash incentive, and long-term incentive award value) approximated or were below the median for all of the NEOs.

**Elements of Compensation.** The compensation package for each NEO consists primarily of (a) base salary; (b) an annual cash incentive payment based on attainment of pre-established financial measures, operating goals, and individual performance; and (c) long-term stock-based incentive awards. Each of these three components of compensation is intended to promote one or more of our objectives of designing executive compensation that is performance-based, is competitive, and aligns the interests of the executives with our stockholders as further described in the Elements of Compensation Summary chart below.

**Elements of Compensation Summary**

Element of Compensation	Why We Pay this Element	Compensation Committee's Evaluation Criteria
<b>Base Salary</b>	Provides fixed compensation component payable in cash	In addition to competitive data, the executive's responsibilities, tenure, prior experience and expertise, individual performance, future potential, and internal equity are considered

Provides a certain level of security and continuity from year to year

Helps attract and retain qualified executives

**Annual Cash Incentive Payment**

(see Annual Cash Incentive Payment section below)

Provides variable compensation component payable in cash to motivate and reward executives for annual performance against established corporate financial measures, operating and strategic goals, and individual objectives

Incentive plan funding is determined by multiplying:

***Financial Measurement Achievement***

(based on revenue growth, net income, and free cash flow targets set at the beginning of the year)

Recognizes executives based on their individual contributions

X

Is performance-based and not guaranteed

***KOD Achievement***

(based on strategic, corporate, and business unit objectives determined at the beginning of the year)

X

***Individual Performance Objective Achievement***

(determined at the beginning of the year)

Up to a maximum of 200% of pre-established Incentive Pay Objective





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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

Element of Compensation	Why We Pay this Element	Compensation Committee's Evaluation Criteria
<b>Long-Term Incentive Awards</b>	Aligning executives' interests directly with those of stockholders; provides executives with an incentive to manage the Company from the perspective of an owner	The size and composition of long-term incentive awards are determined annually by the Compensation Committee taking into account competitive total direct compensation pay positioning guidelines using market reference data from the Comparator Group, along with the individual executive's level of responsibilities, ability to contribute to and influence our long-term results, and individual performance
55% Stock Options	Stock options tie executive pay directly to stockholder value creation over the long term, promote executive retention, and are consistent with our focus on top-line growth, innovation and our longer-term investment horizon and product pipeline	
20% RSUs	RSUs promote stability and retention of our executives over the long term	
25% PBRsUs	PBRsUs are measured against relative TSR, which links compensation to our performance over a three-year period against the performance of other companies	
	Since RSUs and PBRsUs are paid in shares of Edwards stock, these awards also further link executives' interests with those of our stockholders	

Retains qualified employees

Is performance- or stock price-based and value is not guaranteed

**Benefits**

Provides a safety net to protect against financial catastrophes that can result from illness, disability or death

Executives are eligible to participate in benefit programs on terms as are generally offered to other Company employees

A benefit program that is competitive with companies with which we compete for executive talent supports recruitment and retention of executives

**Perquisites**

Assists in attracting and retaining executives by enhancing the competitiveness of the executive's compensation in a relatively inexpensive way

Modest perquisites consistent with market practices

Enables executives to perform their responsibilities efficiently, maximize their working time, and minimize distractions

**Base Salary.** The Compensation Committee generally reviews each NEO's base salary in February and any approved changes are effective with the first pay period in April. The base salary for the CEO is established in a similar manner and is described more fully under "Employment and Post-Termination Agreements" below. Base salaries paid to the NEOs increased between 3.0% and 5.5% in 2018 over the level in effect in 2017 to help maintain market competitiveness and based on the Compensation Committee's assessment of internal roles and contributions.

**Annual Cash Incentive Payment.** All of the NEOs and many other management and non-management-level salaried employees (approximately 11,100 employees) participated in the 2018 Edwards Incentive Plan (the "Incentive Plan").

The Compensation Committee utilizes the Incentive Pay Objective so that the total cash compensation (base salary plus incentive payment for expected performance) for the NEOs will be at approximately the median of the Comparator Group.



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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

The Compensation Committee establishes for each NEO the amount of incentive payment that will be earned for expected performance, referred to as the Incentive Pay Objective. The Compensation Committee then considers performance results to determine the actual cash incentive payments. As described below, in applying its discretion, the Compensation Committee may reduce, but may not increase, the cash incentive payment.

The accompanying Grants of Plan-Based Awards in Fiscal Year 2018 table reports the maximum amounts payable and the Incentive Pay Objective (called the Target in the table) established for each NEO.

The Incentive Plan for NEOs in 2018 provided that achievement at the threshold of any one of three Company financial measures (revenue growth, net income and free cash flow) would result in initial funding for the Incentive Plan. Then, the Compensation Committee applied its discretion in a two-step process to determine the final annual cash incentive payments for the NEOs. Each of these two steps is discussed below:

*(1) Incentive Plan Funding*

The Compensation Committee, after consultation with management, sets annual incentive performance goals each year for achievement of financial measures and KODs. Financial measures are non-GAAP calculations generally on the same basis as contained in our financial guidance, subject to further adjustment to account for material developments during the year. In February 2018, the Compensation Committee initially established the financial measures at the minimum, target, and maximum levels set forth in the chart below.

Incentive Plan funding is determined after results of achievement of the predetermined financial measures and KODs are known.

The following illustration shows how the Incentive Plan is funded.

$$\begin{array}{rcc}
 & \mathbf{X} & \mathbf{Key\ Operating} & \mathbf{=} \\
 & & \mathbf{Driver} & \\
 \mathbf{Financial} & & & \mathbf{Actual} \\
 \mathbf{Measure} & & \mathbf{Achievement (\%)} & \mathbf{Incentive Plan} \\
 \mathbf{Achievement (\%)} & & & \mathbf{Funding (\%)}
 \end{array}$$

Initially, the Board assesses the percentage of achievement of pre-established Company financial measures. No funding is earned if actual performance associated with at least one of the financial goals does not exceed the pre-established minimum threshold. All three thresholds were exceeded in 2018. Achievement of the maximum level specified for each financial goal would result in funding for this measure at 175%.

For 2018, our 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 goal as well as the level of achievement required to reach the various levels of financial measure achievement. Interpolation is applied for results between the levels shown in the chart.

Based on the performance levels in the chart below, our financial measures funded at 112%.

### 2018 Company Financial Performance Measures\*

		Percentage of Financial Measure Achievement			
		Minimum (25%)	Target (100%)	Maximum (175%)	Actual (%)
<b>Revenue Growth</b>	<b>50% Weight</b>	7.3%	9.8%	14.8%	10.0%
<b>Net Income (\$M)</b>	<b>30% Weight</b>	\$ 880	\$ 927	\$ 973	\$ 954
<b>Free Cash Flow (\$M)</b>	<b>20% Weight</b>	\$ 745	\$ 795	\$ 845	\$ 785

\* Net Income used in setting and determining compensation is not calculated in accordance with GAAP and reflects adjustments for items such as litigation, tax, acquisition and investment-related gains and expenses, the positive impact of transcatheter heart valve stocking sales in Germany, and the negative impact of de-stocking. Free Cash Flow is also a non-GAAP financial measure that is defined as cash flows from operating activities less capital expenditures, on a non-GAAP basis, excluding the impact of tax audit settlements and repatriation tax payments.



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EXECUTIVE COMPENSATION AND OTHER INFORMATION

The financial measure achievement is multiplied by the level of achievement of pre-established Key Operating Drivers, or KODs. The Board establishes KODs each year to address specific business initiatives derived from our Strategic Imperatives and operating plans. The KODs address specific tangible and measurable progress toward our Strategic Imperatives, and focus the executive team on the areas and strategic initiatives most important to our future success. We have established a range of performance for each KOD 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 discount to the financial measure. Performance above the range is considered extraordinary and results in a multiplier above 100%. The aggregate KOD multiplier may not exceed 150%.

In 2018, there were four KODs:

Lead and accelerate the adoption of transcatheter therapy for aortic valve disease

Lead in emerging structural heart therapies

Extend leadership in surgical heart valve and critical care through high-value innovations

Business excellence

After evaluating actual achievement of 67 different metrics and milestones underlying these KODs, the Board determined in its judgment that overall KOD performance for 2018 was 106%.

Based on the formula above, combining financial performance of 112% with KOD performance of 106%, the Compensation Committee arrived at an actual calculated Incentive Plan funding of 119%.

*(2) Individual Performance*

Individual performance objectives for the CEO are established collaboratively by the CEO and the Compensation Committee, and the individual performance objectives for the other NEOs are established collaboratively by the CEO and each such executive. The Compensation Committee believes each executive has an appropriate number of meaningful individual performance objectives. The individual performance objectives are chosen to create goals, the attainment of which is designed to implement our 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 assessment for each NEO for the purposes of determining compensation. Although some of the individual performance objectives are expressed in qualitative terms that require subjective evaluation, objectives also include several quantitative measures. However, the assessment of the overall performance for each NEO involves a subjective process. The CEO reviews the performance of each NEO (other than the CEO) with the Compensation Committee and recommends a performance assessment for each executive. The Compensation Committee assesses the CEO's performance. The Compensation Committee then exercises subjective judgment, 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 may impact an executive's cash incentive payment, subject to an overall cap on incentive payments of 200% of the Incentive Pay Objective.



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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

The individual performance objectives for the CEO and the other NEOs and the factors considered by the Compensation Committee for 2018 are described below.

**NEO** **2018 Performance Objectives and Factors Considered by the Compensation Committee**

**Mr. Mussallem**

Develop and execute corporate strategy; achieve Company financial goals and KODs; 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 found that Mr. Mussallem broadly achieved all of his objectives, noting that Edwards' financial results demonstrated impressive growth, and that he had overseen important therapy innovations and infrastructure-related strategic initiatives intended to drive longer term growth and success. The Company was recognized for our strong patient-focused culture, sustainability program and community engagement. Overall, Mr. Mussallem delivered above-expectation financial results highlighted by strong profitability despite product launch delays. The Company continued to invest aggressively in our technology pipeline and future initiatives.

**Mr. Ullem**

Ensure the Company's financial reporting maintains the highest integrity; drive to achieve 2018 KODs and financial goals; maintain a high standard of investor relations; optimize the Company's capital structure; enhance stockholder returns; execute company-wide Information Technology initiatives; and attract, develop and retain talented employees.

The Compensation Committee noted that Mr. Ullem demonstrated strong overall performance in the role of Chief Financial Officer. Specifically, he led the continued development of solid financial planning and issuance of timely and accurate financial reports, continued to build investor confidence, implemented strategic changes to facilitate favorable impact from the Tax Cuts and Jobs Act and optimized the Company's capital structure to enhance shareholder returns, improved risk mitigation through enterprise risk

management, deployed several global information technology enhancements to strengthen Edwards' infrastructure, and focused on global talent development.

**Mr. Bobo**

Develop and implement Edwards' corporate strategy, establish and execute business development goals, provide leadership to our Healthcare solution team, develop and advance our emerging heart failure and disease awareness initiatives; attract, develop and retain talented employees; and promote a culture of patient focus, innovation, operational excellence and quality compliance.

The Compensation Committee noted Mr. Bobo's leadership in the evolution and execution of our innovation-driven strategy including advancing our global disease awareness initiatives; the successful execution of business development transactions that strengthened our pipeline and complemented our internal investments; and leadership of our heart-failure and CardioCare initiatives.

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

**NEO**

**2018 Performance Objectives and Factors Considered by the Compensation Committee (Continued)**

**Ms. Szyman**

Develop, evolve and execute the strategy for the Critical Care and Vascular businesses to strengthen the core capability; consistently deliver sales growth and achieve the financial goals for the Critical Care and Vascular businesses; drive innovation and 2018 product development KODs; attract, develop and retain talented employees; and promote a culture of patient focus, innovation, operational excellence and quality compliance.

The Compensation Committee noted that Ms. Szyman delivered impressive near-term results while continuing to focus on ensuring investment to execute the longer-term Critical Care strategy including the FDA granting the De Novo request for Edwards Acumen Hypotension Prediction Index ( HPI ) software and the HemoSphere advanced hemodynamic monitoring platform receiving clearance for the Acumen suite of intelligent decision-support solutions, explored new complementary technologies, product enhancements and technology to augment patient access to therapy, and focused on global talent development.

**Mr. Wood**

Develop, evolve and execute the strategy for the Transcatheter Aortic Valve Replacement business to strengthen our leadership position; consistently deliver sales growth and achieve the financial goals for the Transcatheter Aortic Valve Replacement business; drive innovation and 2018 product development KODs; attract, develop and retain talented employees; and promote a culture of patient focus, innovation, operational excellence and quality compliance.

The Compensation Committee noted that under Mr. Wood s leadership, strong Transcatheter Aortic Valve Replacement financial results were delivered across all regions despite some launch delays. It was driven by continued therapy adoption and exceptional performance of the Edwards Sapien 3 valve as well as achieving CE Mark and FDA approval for the Sapien 3 Ultra valve and CE Mark for the self-expanding CENTERA valve. His team also advanced programs to significantly expand indications for the therapy and presented compelling Sapien 3 data that demonstrated consistent excellent patient outcomes across the broader commercial environment.

**Committee Review Process.** The Compensation Committee generally 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, and TSR. In February 2019, after reviewing the Company's 2018 performance versus financial and operational goals, TSR performance, and business unit performance, the Compensation Committee awarded incentive payments to the NEOs that ranged from 115% to 133% of the Incentive Pay Objectives for the NEOs. The amount awarded to each NEO for 2018 is reported in the accompanying Summary Compensation table. The incentive payments were paid in March 2019.

**Long-Term Incentive Awards.** The mix of long-term incentive awards granted to our NEOs in 2018 included stock options, PBRsUs and RSUs. The Compensation Committee views stock options as performance-based equity compensation, tying our executives' pay directly to stockholder value creation over the long term because the value of our common stock must increase after the date of grant of the options in order for the options to have any value. Having a seven-year time horizon, stock options also promote the retention of our executives and are consistent with our focus on top-line growth, innovation and our longer-term investment horizon and product pipeline. PBRsU awards measure relative TSR, which the Compensation Committee believes is a straightforward and objective metric for our stockholders to evaluate our performance against the performance of other companies and to align with stockholder interests. As the RSU awards have value regardless of stock price performance, they help promote the stability and retention of a strong executive team over the longer term (vesting schedules generally require continuous service over multiple years, as described below).

Of the total 2018 long-term incentive awards granted to each of our NEOs, the values of stock options were weighted 55%, PBRsUs were weighted 25%, and time-based RSUs were weighted 20%. We believe measuring a combination of absolute TSR (through stock options) and relative TSR (through PBRsUs), and providing stock-denominated time-based vesting RSUs, results in a balance between these incentives that appropriately aligns our executives' pay with stockholder value while promoting the stability and retention of the executive team. Given the different risk and reward characteristics of these three types of awards and our executive compensation philosophy, the Compensation Committee believes that the equity awards granted to executives should comprise a greater proportion of stock options and PBRsUs relative to RSUs.

**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION**

*Stock Options.* Stock options granted in 2018 to Mr. Ullem, Ms. Szyman and Mr. Wood vest annually over four years and have a seven-year term. Stock options granted to Mr. Mussallem and Mr. Bobo vest monthly over 36 months, consistent with the vesting standards established by the Company for its stock option grants to executives who are retirement-eligible, and have a seven-year term. Stock options granted during 2018 have an exercise price equal to the closing price on the day of the regular Board meeting held on the next day following Compensation Committee approval.

*PBRsUs.* PBRsUs awarded in 2018 are based on relative TSR performance as measured for the performance period beginning April 30, 2018 and ending April 30, 2021. The percentage of the target PBRsU awards that will vest at the end of the three-year performance period depends on the percentage by which our TSR exceeds or falls short of the median TSR (calculated assuming dividend reinvestment) of the SPSIHE Subset (as defined below). The chart below illustrates the maximum, target and threshold performance levels and the PBRsU payout at each level.

<b>2018 PBRsU Performance Levels</b>	<b>TSR vs Median of SPSIHE Subset</b>	<b>Payout as a Percentage of Target Award</b>
Maximum	+7.5% points from median	175%
Target	Median	100%
Threshold	-7.5% points from median	25%

No Payout	More than -7.5% points from median	0%
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The maximum and threshold performance levels applicable to the awards were set at levels that the Compensation Committee believed were consistent with the historical 75<sup>th</sup> and 25<sup>th</sup> percentile levels, respectively, for the TSRs of the SPSIHE Subset. The SPSIHE Subset is a subset of 28 companies in the S&P Healthcare Equipment Select Industry Index that are also on the S&P 500 Index or S&P 400 Midcap Index. We believe this group is a strong comparator for performance purposes as it includes companies of comparable size with similar business models.

*RSUs.* RSUs awarded in 2018 to the NEOs vest 50% on the third and fourth anniversaries of the award date, subject to continued employment of the award recipient through the applicable vesting date.

At the Compensation Committee meeting immediately preceding the stockholder meeting in May of each year, the Compensation Committee generally determines the size of the long-term incentive award for each NEO. In keeping with our commitment to provide a total compensation package that emphasizes at-risk components of pay, long-term incentives for 2018 comprised, on average, 68% of the value of the NEO's total direct compensation package.

For 2018, the CEO evaluated each NEO's performance (other than his own), as discussed previously (see Compensation Process above), and established specific recommendations for the Compensation Committee's consideration. Accordingly, the Compensation Committee established awards for the NEOs (other than the CEO) based on these recommendations and the Committee's assessment of the factors noted above for each executive. The Compensation Committee evaluated the CEO's performance using the same criteria as discussed above in Compensation Process to establish the appropriate award for the CEO. Equity awards are granted under the Long-Term Stock Program, which was last approved by the stockholders in May 2017. The equity awards granted to the NEOs for 2018 are set forth in the accompanying Grants of Plan Based Awards in Fiscal Year 2018 table below.

*Value of Equity Awarded in 2018.* As described above, for purposes of establishing the value of equity awards, the Compensation Committee values stock options as of the grant date using the Black-Scholes valuation model, and RSUs and PBRsUs are valued at the fair market value of the underlying shares on the grant date with the value of PBRsUs based on the target level of performance. Under applicable accounting rules, however, the grant-date fair value of the PBRsUs awarded to our NEOs is calculated using a Monte Carlo simulation pricing model. The PBRsUs are included as compensation for our NEOs in the Summary Compensation Table based on this valuation methodology. For information on the assumptions used in this fair value computation, refer to Note 13 of the Notes to Consolidated Financial Statements in the 2018 Annual Report. The Compensation Committee does not apply the Monte Carlo simulation when it determines the number of PBRsUs to be awarded to an executive (instead basing the value of a PBRsU on the fair market value of the underlying target number of shares on the grant date) to simplify the award process and provide more consistent award sizing (based on the number of shares subject to the awards) from year to year.

**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION**

The following chart shows the values of the PBRSU awards approved by the Compensation Committee in 2018 that were used to determine the number of shares subject to the awards (based on the \$135.83 closing price per share of our common stock on the grant date for PBRsUs, calculated at the target level of performance and without taking the Monte Carlo simulation pricing model into account), as well as the accounting grant-date fair value of the PBRsUs we are required to use under applicable SEC rules to report in the Summary Compensation Table (calculated as noted in the footnotes to the Summary Compensation Table, and including the impact of the Monte Carlo simulation pricing model).

<b>Name</b>	<b>2018 PBRSU Awards Value Required to be Included in Summary Compensation Table</b>	<b>Value Based on May 17, 2018 Stock Price</b>	<b>Value Based on May 17, 2018 Stock Price</b>
Mr. Mussallem		\$1,799,748	\$1,970,143
Mr. Ullem		444,843	486,960
Mr. Bobo		407,490	446,070

Ms. Szyman	393,907	431,201
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Mr. Wood	424,469	464,656
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The grant-date fair value of all the long-term incentive awards granted by the Company to the NEOs in 2018 is included in the Grants of Plan-Based Awards in Fiscal Year 2018 table below.

*Determination as to 2015 PBR SU Awards.* In May 2015, the Compensation Committee granted awards of PBR SUs to certain of our executives. For these awards to vest, Edwards' TSR had to reach the 25th percentile relative to that of the other companies that were listed in the SPSIHE Subset on the grant date and were still publicly traded on April 30, 2018, the last day of the three-year performance period. Edwards' percentile ranking compared to the threshold, target, and maximum percentile ranks of the SPSIHE Subset as of April 30, 2018, as well as the 3-year TSRs relative to each level are as follows:

2015 PBR SU Performance Levels	Rank of SPSIHE Subset	TSR Over Three-Year Period	Payout as a Percentage of Target Award
Maximum	75 <sup>th</sup> Percentile	22.31%	175%
Target	50 <sup>th</sup> Percentile	14.82%	100%
Threshold	25 <sup>th</sup> Percentile	7.29%	25%
Edwards	78 <sup>th</sup> Percentile	25.30%	175%

The Compensation Committee determined that as of April 30, 2018 our relative TSR was at the 78<sup>th</sup> percentile, higher than the maximum level and, accordingly, 175% of the target award for each executive vested. Amounts realized by



our NEOs attributable to these awards can be found in the Option Exercises and Stock Vested in Fiscal Year 2018 table below.

**Stock Ownership Guidelines and Holding Requirement.** Under our guidelines, executives are expected to own shares of Edwards stock as follows:

CEO	Other NEOs
6 times base salary	3 times base salary

All of the NEOs are in compliance with the ownership guidelines.

Stock ownership guidelines were established to create additional owner commitment and to emphasize stockholder value creation. Expected ownership levels are adjusted as the executives annual base salaries change. Executives who have not met the guidelines must hold 50% of the net shares of our common stock acquired in connection with the exercise of stock options and the vesting of restricted stock and RSU awards (after satisfaction of applicable taxes and, in the case of options, payment of the exercise price) until the guidelines are met. In the event an executive achieved the guideline but was unable to maintain the ownership level due to a decline in the price of our common stock, the 50% holding requirement is reinstated.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Prohibition on Pledging and Hedging.** We have adopted a policy prohibiting all members of the Board, all employees with a title of vice president equivalent or above, and any employee designated as a Designated Insider from time to time under our insider trading policy, from (1) holding the Company's securities in a margin account or otherwise pledging the Company's securities as collateral for a loan, and (2) entering into short sales, options, puts, calls and sales against the box, as well as hedging of the Company's securities or derivative transactions including swaps, forwards, futures, collars and exchange funds. To our knowledge, none of our NEOs have engaged in hedging or pledging with respect to our common stock.

**Market Timing of Equity Awards.** We do not have any program, plan or practice to time equity grants in coordination with the release of material information. Annual equity awards for the NEOs are generally approved at the Compensation Committee meeting in May of each year and awarded on the date of the Board meeting immediately following that Committee Meeting. Any other equity awards to the NEOs, including grants to new hires, are generally made on the date of the next regularly scheduled Board meeting.

**Benefits and Perquisites.** The NEOs are eligible to participate in employee benefit programs generally offered to other of our employees employed in the same jurisdiction as the NEO including, for all NEOs employed in the United States, the Edwards Lifesciences Corporation 401(k) Savings and Investment Plan ( 401(k) ), which provides for a Company matching contribution. In 2018, we increased the matching contribution so that contributions are matched dollar for dollar up to the first 4% of cash compensation, and 50% on the next 2%. In addition, we provide certain other perquisites to our NEOs described below that are not generally available to our employees.

The Compensation Committee conducts an annual review of the competitiveness of our perquisite program, including its 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 from time to time in the benefits and perquisites provided as it determines to be appropriate.

We believe that providing perquisites enhances the competitiveness of the executive's compensation in a relatively inexpensive way. These perquisites are described below and reported in the Summary Compensation Table.

Our perquisite program for the NEOs includes the following:

**Car Allowance.** An annual car allowance is paid as follows: \$13,200 for the CEO, and \$10,800 for the other NEOs. It is intended to cover expenses related to the lease, purchase, insurance and maintenance of a vehicle, and mileage for business use. The car allowance is provided in recognition of the need to have executives visit customers, business partners and other stakeholders in order to fulfill their job responsibilities.

**Executive Physical Examination.** The Company paid up to \$3,649 for each annual executive physical examination received by an NEO. This benefit encourages the proactive management of the executive's health, helping best position the executive team to be able to address the ongoing and day-to-day issues we face.

**Perquisite Allowance.** NEOs receive a fixed annual allowance for certain expenses. The CEO receives \$40,000 (including one club membership that is being used for corporate business purposes, at a cost of \$6,190 in 2018), and the other NEOs each receive \$20,000. This benefit recognizes the diverse nature of expenses that have a business nexus that may be incurred by our executives. The allowance may also be used to cover certain personal financial, estate and tax planning costs, as we believe that it is appropriate for the executives to have professional assistance in managing their total compensation, permitting them to focus their full attention on growing and managing our business.

**Deferred Compensation.** We have adopted a deferred compensation plan for the NEOs 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"), return on compensation deferred by participants is based on investment alternatives selected by the participant. We believe that the EDCP is comparable to similar plans offered by companies in the Comparator Group.

The amounts deferred and accrued under the EDCP for the NEOs are reported below in the Summary Compensation Table and the Nonqualified Deferred Compensation Plans table.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Employment and Post-Termination Agreements.** We have entered into an employment agreement with the CEO, as well as change-in-control severance agreements (the change-in-control severance agreements ) with the CEO and our other NEOs as discussed below. Mr. Bobo, Mr. Ullem, Ms. Szyman and Mr. Wood are eligible to participate in a general 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.** We entered into an amended and restated employment agreement with Mr. Mussallem on March 9, 2009, which was approved by the Compensation Committee and provides for, among other things, 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. The agreement renews automatically for successive one year terms.

Mr. Mussallem's base salary is reviewed and may be adjusted annually based on the Compensation Committee's review of the Comparator Group data in consultation with the Compensation Consultant, and Mr. Mussallem's performance. The Compensation Committee followed the same philosophy and programs described above for executives in determining 2018 compensation for Mr. Mussallem. In addition, the Compensation Committee reviewed a tally sheet, which affixed a dollar amount to all components of Mr. Mussallem's compensation, including current compensation, equity awards and benefits.

The Compensation Committee believes, after reviewing Mr. Mussallem's total direct compensation, individual performance, and contribution to our financial results during 2018, that Mr. Mussallem's total compensation and each component thereof were in line with our compensation philosophy and objectives.

If Mr. Mussallem's employment is involuntarily terminated by us without cause, as defined in the employment agreement, we are required to pay certain severance benefits, provided 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.** We have entered into agreements with the NEOs pursuant to which such individuals will be provided certain payments and benefits in the event of termination of employment following a change in control of the Company. We believe that these agreements enhance the likelihood of retaining the services of the executives in the event we were to become an acquisition target and allow the NEOs to continue to focus their attention on our business operations, stockholder value and the attainment of long-term and short-term objectives without undue concern over their employment or financial situations. The material terms of the agreements are described in the section Potential Payments upon Termination or Change in Control, below.

We believe that the level of severance payments is fair and reasonable based on the value we would derive from the services provided by the executives with change-in-control severance agreements prior to, and following, a change in control.

**Tax Implications Policy Regarding Section 162(m).** Federal income tax law generally prohibits a publicly-held company from deducting compensation paid to a current or former NEO that exceeds \$1 million during the tax year. Certain awards granted by the Company before November 2, 2017 that were based upon attaining pre-established performance measures set by the Committee, as well as amounts payable to former executives pursuant to a written binding contract that was in effect on November 2, 2017, may qualify for an exception to the \$1 million deductibility limit. There can be no assurance that any compensation the Committee intended to be deductible will in fact be deductible. Although the potential deductibility of compensation is one of the factors the Committee notes when designing the Company's executive compensation program, the Committee has the flexibility to take any compensation-related actions it determines are in the best interests of the Company and its stockholders, including awarding compensation that will not be deductible for tax purposes.

The Compensation Committee recognizes the importance of preserving our 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 our NEOs, and may approve non-deductible compensation arrangements for our executive officers from time to time when it believes that these other considerations outweigh the benefit of the tax deductibility of the compensation.

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

**2019 Compensation Decisions.** At its February 2019 meeting, the Compensation Committee approved average base salary increases of approximately 3.9% for the NEOs 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 and the maximum bonus for each NEO, and established the Company's 2019 financial measures and operational goals under the Incentive Plan.

**COMPENSATION AND GOVERNANCE COMMITTEE REPORT**

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 Proxy Statement distributed in connection with the Annual Meeting.

***The Compensation and Governance Committee:***

William J. Link, Ph.D. (Chair)

Steven R. Loranger

Martha H. Marsh

Nicholas J. Valeriani

*This report shall not be deemed soliciting material or to be filed with the SEC, or incorporated by reference in any document so filed, whether made before or after the date hereof, except to the extent we specifically request that it be treated as soliciting material or it is specifically incorporated by reference therein.*

Table of Contents**EXECUTIVE COMPENSATION AND OTHER INFORMATION****EXECUTIVE COMPENSATION**

The Summary Compensation Table quantifies the value of the different forms of compensation earned by or awarded to our NEOs for 2018. The primary elements of each NEO's total compensation reported in the table are base salary, annual bonus and long-term equity incentives consisting of stock options, PBRsUs and RSUs. NEOs 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 NEO's base salary and annual bonus is provided immediately following the Summary Compensation Table. The Grants of Plan-Based Awards in Fiscal Year 2018 table, and the accompanying description of the material terms of the stock options, PBRsUs, and RSUs granted in 2018, provides information regarding the long-term equity incentives awarded to NEOs in 2018. The Outstanding Equity Awards at 2018 Fiscal Year-End and Option Exercises and Stock Vested in Fiscal Year 2018 tables provide further information on the NEOs' potential realizable value and actual value realized with respect to their equity awards.

**2018 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 our three other most highly compensated executive officers whose total compensation for 2018 was in excess of \$100,000 and who were serving as executive officers at the end of 2018. No other executive officers that would have otherwise been includable in the table on the basis of total compensation for 2018 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)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(3)	Non-Equity Incentive		Total \$
						Plan Compensation \$(4)	All Other Compensation \$(5)	
Mr. Mussallem Chairman of the Board and Chief Executive Officer	2018	1,034,769		3,409,941	3,958,800	1,668,227	207,212	10,278,949
	2017	995,385		3,391,586	3,631,053	2,597,000	183,294	10,798,318
	2016	976,731		2,943,863	3,409,180	2,228,226	176,099	9,734,099

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<b>Mr. Ullem</b>	2018	593,628		843,514	975,537	559,944	49,207	3,021,830
Corporate Vice President,	2017	569,826		855,664	914,598	800,400	44,082	3,184,570
Chief Financial Officer	2016	555,309		735,371	851,213	706,040	57,821	2,905,754

<b>Mr. Bobo</b>	2018	592,999	4,000	772,062	891,964	563,790	78,584	2,903,399
Corporate Vice President	2017	573,506	2,000	821,135	881,474	802,473	68,501	3,149,089
	2016	557,668	4,200	735,371	851,213	654,444	55,017	2,857,913

<b>Ms. Szyman</b>	2018	544,793		747,006	867,144	547,275	88,473	2,794,691
Corporate Vice President	2017	526,885		770,719	825,202	742,540	52,030	2,917,376
	2016	513,461		687,878	797,419	667,244	176,615	2,842,617

<b>Mr. Wood</b>	2018	574,430	4,000	804,231	936,516	507,683	91,543	2,918,403
Corporate Vice President	2017	550,506	2,000	821,135	880,215	780,318	87,602	3,121,776
	2016	526,002		712,945	825,898	753,660	83,869	2,902,374

- (1) Amounts shown for 2018 include amounts that were deferred into the EDCP as follows: Mr. Mussallem \$235,444; Mr. Ullem \$0; Mr. Bobo \$471,922; Ms. Szyman \$302,008; and Mr. Wood \$64,652. The EDCP is more fully described in the section following the Nonqualified Deferred Compensation Plans table below.
- (2) Amounts shown for Messrs. Bobo and Wood include awards received through our Innovation Rewards Program which compensates active employee inventors for their patent contributions to our Company.
- (3) The amounts reported in these columns reflect the aggregate grant-date fair value of the stock awards and option awards 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 our financial statements in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718. 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 13 of the Notes to Consolidated Financial Statements in the 2018 Annual Report.



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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

The table below sets forth the grant-date fair value determined in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718 for the PBRsUs awarded in fiscal 2018, 2017, and 2016 based upon the probable outcome of the performance-related vesting conditions as of the grant date (we judged the target level of performance to be the probable outcome as of the grant date of the awards), and the grant-date fair value of these awards determined on that basis but assuming that the maximum level of performance was achieved.

Name	Year	Probable Outcome of	Maximum Outcome of
		Performance Conditions	Performance Conditions
		Grant-Date Fair Value	Grant-Date Fair Value
		(\$)	(\$)
<b>Mr. Mussallem</b>	2018	1,970,143	3,447,749
	2017	2,071,342	3,624,849
	2016	1,703,181	2,980,566
<b>Mr. Ullem</b>	2018	486,960	852,180
	2017	522,158	913,777
	2016	426,521	746,411
<b>Mr. Bobo</b>	2018	446,070	780,623
	2017	501,410	877,468
	2016	426,521	746,411
<b>Ms. Szyman</b>	2018	431,201	754,602
	2017	470,288	823,004
	2016	397,506	695,635
<b>Mr. Wood</b>	2018	464,656	813,148
	2017	501,410	877,468
	2016	412,013	721,023

(4) Amounts shown in this column for 2018 were earned under the Incentive Plan based on achievement of performance criteria for 2018, as described in the Compensation Discussion and Analysis above. Amounts shown for Mr. Bobo include \$186,050 deferred into the EDCP. Amounts earned but not deferred were paid to the executives for 2018 performance.

(5)

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The All Other Compensation column includes the following amounts paid to the NEOs for the year ended December 31, 2018. The amounts disclosed are the actual costs to us of providing these benefits.

Type of Compensation	Mr. Mussallem	Mr. Ullem	Mr. Bobo	Ms. Szyman	Mr. Wood
401(k) Company Match	\$ 13,750	\$ 13,750	\$ 13,750	\$ 13,750	\$ 13,750
EDCP Company Contribution	139,311		33,026	43,141	45,985
Car Allowance or Company Car Lease Payments	13,200	10,800	10,800	10,800	10,800
Officer Perquisites Flexible Allowance (includes, among other things, financial planning expenses, airline club dues, club membership dues, home office supplies, personal travel expenses)	40,000	20,000	20,000	20,000	20,000
Reimbursement for Annual Physical Examination Expenses		3,649			
Life Insurance Premiums	951	1,008	1,008	782	1,008
Relocation Benefits					
Totals	\$ 207,212	\$ 49,207	\$ 78,584	\$ 88,473	\$ 91,543

*Employment Agreements.* We entered into an amended and restated employment agreement with Mr. Mussallem on March 9, 2009 as described in the Compensation Discussion and Analysis section above. We do not have employment agreements with the other NEOs. Post-termination benefits are discussed in the Potential Payments Upon Termination or Change in Control section below.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Grants of Plan-Based Awards in Fiscal Year 2018**

The following table provides certain summary information concerning each grant of an incentive award made to NEOs in 2018 under a compensation plan.

2018	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>(2)</sup>			Estimated Future Payouts Under Equity Incentive Plan Awards <sup>(4)</sup>			All	All Other Option Awards; Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	Other Stock Awards: Number of Shares of Stock/ Units (#)		
2018	05/16/2018		1,456,000 <sup>(3)</sup>	2,912,000				10,600 <sup>(5)</sup>	104,300 <sup>(6)</sup>	135
2018	05/16/2018					13,250	23,187			
2018	05/16/2018		450,000 <sup>(3)</sup>	900,000				2,625 <sup>(5)</sup>	22,500 <sup>(7)</sup>	135
2018	05/16/2018					3,275	5,731			
2018	05/16/2018		445,000 <sup>(3)</sup>	890,000				2,400 <sup>(5)</sup>	23,500 <sup>(6)</sup>	135
2018	05/16/2018					3,000	5,250			
2018	05/16/2018		410,000 <sup>(3)</sup>	820,000					20,000 <sup>(7)</sup>	135

018	05/16/2018					2,325 <sup>(5)</sup>	
018	05/16/2018				2,900	5,075	
018		440,000 <sup>(3)</sup>	880,000				
018	05/16/2018						21,600 <sup>(7)</sup>
018	05/16/2018					2,500 <sup>(5)</sup>	
018	05/16/2018				3,125	5,468	

- (1) Our practice is to grant equity-based awards on the date of the Board meeting following the Compensation Committee's approval of the grants.
- (2) These are awards payable under the Incentive Plan for 2018. See the discussion on Annual Cash Incentive Payment beginning at page 32 for additional information.
- (3) See the discussions beginning at page 32 on Annual Cash Incentive Payment and 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.
- (4) These are PBRsUs granted under the Long-Term Stock Program that vest based on a combination of certain length of service and market conditions. The material terms of the PBRsUs are described in the section Equity Incentive Plan Awards Performance-Based Restricted Stock Units below.
- (5) RSUs with respect to shares of common stock are granted under the Long-Term Stock Program. RSUs 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 award date and are subject to the executive's continued employment with the Company. The material terms of the RSUs are described in the section Equity Incentive Plan Awards Restricted Stock Units below.
- (6) Options to acquire common stock are granted under the Long-Term Stock Program. Consistent with vesting standards established by the Company for its stock option grants to executives who are retirement-eligible, options vest and become exercisable in 36 equal monthly installments beginning one month after the award date, and are subject to the executive's continued employment with the Company. The material terms of the options are described in the section Equity Incentive Plan Awards Stock Options below.
- (7) 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 the first anniversary of the grant date. The material terms of the options are described in the section Equity Incentive Plan Awards Stock Options below.
- (8) The amounts reported in this column 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 our

financial statements. For the assumptions and methodologies used to value the awards, see footnote 3 to the Summary Compensation Table above.

**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 under the heading, Elements of Compensation Annual Cash Incentive Payment.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**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 Compensation Committee administers the Long-Term Stock Program and has authority to interpret the plan provisions and make all required determinations thereunder. Additional terms of the equity incentive awards reported in the table above are described in the Compensation Discussion and Analysis section under the heading, Elements of Compensation Long-Term Incentive Awards and in the footnotes accompanying the table above. The terms of the accelerated vesting provisions for equity incentive awards are described in this section and in the section titled Potential Payments Upon a Termination or Change in Control.

The table above reports awards of stock options granted to our NEOs in 2018. Each option represents a contractual right to receive one share of Company common stock if the option becomes vested and is exercised, subject to payment of the exercise price of the option by the award holder. The terms of each option are summarized in the chart below.

## STOCK OPTIONS

<b>Maximum Term (Expiration Date)</b>	Seven years from grant date
<b>Exercise Price Per Share</b>	Fair market value of a share of common stock on the grant date
<b>Vesting Schedule Regular (all option grants in the chart above awarded to Ms. Szyman, Mr. Ullem and Mr. Wood)</b>	25% annually over four years following the grant date
<b>Vesting Schedule Retirement-Eligible (awards granted since May 2015 to all retirement-eligible executives, including Mr. Mussallem and Mr. Bobo)</b>	Monthly over 36 months following the grant date
<b>Vesting Schedule Retirement-Eligible (awards granted before May 2015 to certain retirement-eligible executives, including Mr. Mussallem)</b>	Monthly over 24 months following the grant date

**Effect of Change in Control (awards granted before May 2015)**

Accelerated vesting upon a change in control of the Company

**Effect of Change in Control (awards granted since May 2015)**

No automatic acceleration upon a change in control of the Company

Accelerated vesting upon a change in control with either (1) a specified termination of employment (a double-trigger ) under the NEO s change-in-control severance agreement, or (2) termination of the awards in connection with the change in control

**Effect of Termination of Employment of Retirement-Eligible NEOs (Mr. Mussallem and Mr. Bobo)**

Unvested options held by the NEO will immediately terminate and be forfeited

Vested options held by the NEO will remain exercisable and will terminate on the earlier of five years from termination date or the normal expiration date

**Effect of Termination of Employment of Non-Retirement-Eligible NEOs (Ms. Szyman, Mr. Ullem and Mr. Wood)**

Unvested options held by the NEO will immediately terminate and be forfeited

Vested options held by the NEO will remain exercisable and will terminate on the earlier of 90 days from termination date or the normal expiration date

**Dividend Rights**

No dividend rights



**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION**

The **Grant of Plan-Based Awards in Fiscal Year 2018** table above reports awards of RSUs granted to our NEOs in 2018. Each RSU represents a contractual right to receive one share of our common stock if the time-based vesting requirements applicable to the award are satisfied, as summarized in the chart below.

**RESTRICTED STOCK UNITS**

**Vesting Schedule** 50% of the total number of units subject to the award on the third and fourth anniversaries of the award date

Inducement awards granted to Ms. Szyman vest 25% annually over four years

**Effect of Change in Control (awards granted before May 2015)** Accelerated vesting upon a change in control of the Company

**Effect of Change in Control (awards granted since May 2015)** No automatic acceleration upon a change in control of the Company; accelerated vesting upon a change in control with either (1) a specified termination of employment (a double-trigger) under the NEO's change-in-control severance agreement, or (2) termination of the awards in connection with the change in control

**Effect of Termination of Employment of Retirement-Eligible NEOs (including Mr. Mussallem and Mr. Bobo)** RSUs held by the NEO will vest 25% for each full year of employment from the grant date

Unvested RSUs held by the NEO will immediately terminate and be forfeited

**Effect of Termination of Employment of Non-Retirement-Eligible NEOs (including Ms. Szyman, Mr. Ullem)** Unvested RSUs held by the NEO will immediately terminate and be forfeited

and Mr. Wood)

**Dividend Rights** Dividend equivalent units may be paid or credited, either in cash or in actual or phantom shares of common stock, on outstanding RSUs; however, to date we have never paid a dividend on our common stock

The Grant of Plan-Based Awards in Fiscal Year 2018 table above reports awards of PBRsUs granted to our NEOs in 2018. Each PBRsU represents a contractual right to receive one share of our common stock if the performance-based and time-based vesting requirements applicable to the award are satisfied, as summarized in the chart below.

### PERFORMANCE-BASED RESTRICTED STOCK UNITS

**Right and Vesting Schedule** Receive 0% to 175% of the target number of shares subject to the award based on TSR measured over a 3-year performance period compared to comparator companies, generally subject to continued employment through the applicable vesting date

**TSR Definition** For awards granted in May 2016, May 2017, and May 2018: the average of the closing price of a share for each trading day during the one month ending on the first day of the performance period compared to the average of the closing price of a share for each trading day during the one month ending on the last day of the performance period

**Effect of Change in Control (awards granted before May 2015)** Upon a change in control:

during the performance period, the PBRsUs will accelerate and immediately vest at 100% of the target level, or

after the last day of the performance period and prior to the applicable scheduled time-based vesting date, subject to the executive's continued employment, will vest as to the number of units that otherwise would have become vested on the vesting date based on actual performance

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

## PERFORMANCE-BASED RESTRICTED STOCK UNITS (Continued)

<b>Effect of Change in Control (awards granted since May 2015)</b>	No automatic acceleration upon a change in control of the Company; accelerated vesting upon a change in control with either (1) a specified termination of employment (a double-trigger ) under the NEO s change-in-control severance agreement, or (2) termination of the awards in connection with the change in control
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<b>Effect of Termination due to Death, Disability, Retirement or Termination Without Cause or for Good Reason</b>	Any unvested PBRsUs will remain eligible to vest at the end of the performance period based on actual attainment of the performance goals, and the NEO will receive a pro-rata portion of the shares subject to the award (after giving effect to the performance conditions) based on the NEO s whole months of service during the performance period
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<b>Effect of any Other Termination of Employment</b>	Any unvested PBRsUs held by the NEO will terminate and be forfeited
--	---

<b>Compensation Committee Determination, Vesting Date</b>	At the meeting of the Compensation Committee in May after the end of the performance period, the Compensation Committee will determine the exact number of shares issuable; payout will be interpolated on a linear basis between the points indicated in the table under Performance Criteria below
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<b>Dividend Rights</b>	Dividend equivalent units may be paid or credited, either in cash or in actual or phantom shares of common stock, on outstanding RSUs; however, to date we have never paid a dividend on our common stock
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<b>Performance Period</b>	Begins April 30 of the grant year and ends on April 30 in the third year following the grant year
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<b>Comparator Companies</b>	Companies that were listed in the SPSIHE Subset on the grant date that are still publicly traded companies on the last day of the performance period
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<b>Performance Criteria</b>	<b>Performance Levels</b>
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	<b>Company's TSR vs Median of Payout as a Percentage of Target Award</b>	
Maximum	+7.5% points from median	175%
Target	Median	100%
Threshold	-7.5% points from median	25%
No Payout	More than -7.5% points from median	0%

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Outstanding Equity Awards at 2018 Fiscal Year-End**

The following table provides certain summary information concerning outstanding equity awards held by our NEOs as of December 31, 2018, including the vesting schedules for the portions of these awards that had not vested as of that date.

Name	Award Date	Option Awards			Option Expiration Date	Stock Awards			
		Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)		Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Payout Value of Unearned Shares, Units or Rights That Have Not Vested (\$) <sup>(1)</sup>
Mussallem	05/09/2012	89,600		42.725	05/08/2019				
	05/14/2013	468,600		35.785	05/13/2020				
	05/08/2014	383,200		41.940	05/07/2021				
	05/14/2015	191,200		65.280	05/13/2022				
	05/12/2016	101,177	16,323 <sup>(2)</sup>	105.590	05/11/2023				
	05/11/2017	61,959	55,441 <sup>(2)</sup>	110.250	05/10/2024				
	05/17/2018	20,279	84,021 <sup>(2)</sup>	135.830	05/16/2025				
	05/14/2015					8,800 <sup>(3)</sup>	1,347,896		
	05/12/2016					11,750 <sup>(3)</sup>	1,799,748		
	05/12/2016							14,675 <sup>(4)</sup>	2,247,770
05/11/2017					11,975 <sup>(3)</sup>	1,834,211			

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	05/11/2017							14,975 <sup>(4)</sup>	2,293,72
	05/17/2018				10,600 <sup>(3)</sup>	1,623,602			
	05/17/2018							13,250 <sup>(4)</sup>	2,029,50
		1,316,015	155,785				43,125	6,605,457	42,900
									6,570,99
<b>Item</b>	05/08/2014	80,600		41.940	05/07/2021				
	05/14/2015	33,150	11,050 <sup>(5)</sup>	65.280	05/13/2022				
	05/12/2016	13,450	13,450 <sup>(5)</sup>	105.590	05/11/2023				
	05/11/2017	6,650	19,950 <sup>(5)</sup>	110.250	05/10/2024				
	05/17/2018		22,500 <sup>(5)</sup>	135.830	05/16/2025				
	05/14/2015					2,226 <sup>(3)</sup>	340,956		
	05/12/2016					2,925 <sup>(3)</sup>	448,022		
	05/12/2016							3,675 <sup>(4)</sup>	562,90
	05/11/2017					3,025 <sup>(3)</sup>	463,339		
	05/11/2017							3,775 <sup>(4)</sup>	578,21
	05/17/2018					2,625 <sup>(3)</sup>	402,071		
	05/17/2018							3,275 <sup>(4)</sup>	501,63
		133,850	66,950						
						10,801	1,654,388	10,725	1,642,74
<b>Bobo</b>	05/09/2012	17,100		42.725	05/08/2019				
	05/14/2013	69,800		35.785	05/13/2020				
	05/08/2014	83,800		41.940	05/07/2021				
	05/14/2015	33,150	11,050 <sup>(5)</sup>	65.280	05/13/2022				
	05/12/2016	13,450	13,450 <sup>(5)</sup>	105.590	05/11/2023				
	05/11/2017	15,041	13,459 <sup>(2)</sup>	110.250	05/10/2024				
	05/17/2018	4,569	18,931 <sup>(2)</sup>	135.830	05/16/2025				
	05/14/2015					2,226 <sup>(3)</sup>	340,956		
	05/12/2016					2,925 <sup>(3)</sup>	448,022		
	05/12/2016							3,675 <sup>(4)</sup>	562,90
	05/11/2017					2,900 <sup>(3)</sup>	444,193		
	05/11/2017							3,625 <sup>(4)</sup>	555,24
	05/17/2018					2,400 <sup>(3)</sup>	367,608		
	05/17/2018							3,000 <sup>(4)</sup>	459,51
		236,910	56,890						
						10,451	1,600,779	10,300	1,577,65

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

Name	Option Awards					Stock Awards			
	Award Date	Number of Securities Underlying Unexercised Options (#)	Number of Securities Underlying Unexercised Options (#)	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 (\$) <sup>(1)</sup>	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$) <sup>(1)</sup>
			(5)						
<b>s. Szyman</b>	02/19/2015	21,426	7,144	66.860	02/18/2022				
	05/14/2015	4,870	1,624 <sup>(5)</sup>	65.280	05/13/2022				
	05/14/2015	32,100	10,700 <sup>(5)</sup>	65.280	05/13/2022				
	05/12/2016	12,600	12,600 <sup>(5)</sup>	105.590	05/11/2023				
	05/11/2017	6,000	18,000 <sup>(5)</sup>	110.250	05/10/2024				
	05/17/2018		20,000 <sup>(5)</sup>	135.830	05/16/2025				
	02/19/2015					6,170 <sup>(6)</sup>	945,059		
	05/14/2015					1,404 <sup>(6)</sup>	215,051		
	05/14/2015					2,150 <sup>(3)</sup>	329,316		
	05/12/2016					2,750 <sup>(3)</sup>	421,218		
	05/12/2016							3,425 <sup>(4)</sup>	524,607
	05/11/2017					2,725 <sup>(3)</sup>	417,388		
	05/11/2017							3,400 <sup>(4)</sup>	520,778
	05/17/2018					2,325 <sup>(3)</sup>	356,120		
	05/17/2018							2,900 <sup>(4)</sup>	444,193
<b>Total</b>		76,996	70,068			17,524	2,684,152	9,725	1,489,578



Mr. Wood	02/20/2014	5,002		34.050	02/19/2021				
	05/08/2014	80,600		41.940	05/07/2021				
	05/14/2015	32,100	10,700 <sup>(5)</sup>	65.280	05/13/2022				
	05/12/2016	13,050	13,050 <sup>(5)</sup>	105.590	05/11/2023				
	05/11/2017	6,400	19,200 <sup>(5)</sup>	110.250	05/10/2024				
	05/17/2018		21,600 <sup>(5)</sup>	135.830	05/16/2025				
	05/14/2015					2,150 <sup>(3)</sup>	329,316		
	05/12/2016					2,850 <sup>(3)</sup>	436,535		
	05/12/2016							3,550 <sup>(4)</sup>	543,754
	05/11/2017					2,900 <sup>(3)</sup>	444,193		
	05/11/2017							3,625 <sup>(4)</sup>	555,241
	05/17/2018					2,500 <sup>(3)</sup>	382,925		
	05/17/2018							3,125 <sup>(4)</sup>	478,656
Total		137,152	64,550			10,400	1,592,969	10,300	1,577,651

- (1) The dollar amounts shown in this column are determined by multiplying the number of shares or units reported in the Number of Shares or Units of Stock That Have Not Vested column by \$153.17, the closing price of our common stock on the last trading day of 2018.
- (2) Options to acquire common stock granted under the Long-Term Stock Program. Consistent with vesting standards established for executives who are retirement eligible, including Mr. Mussallem and Mr. Bobo, options granted since May 2015 vest and become exercisable in 36 equal monthly installments beginning one month after the award date, and are subject to the executive's continued employment.
- (3) RSUs under the Long-Term Stock Program. RSUs 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 award date, and are subject to the executive's continued employment.
- (4) Target number of PBRsUs under the Long-Term Stock Program. PBRsUs vest on the third anniversary of the award date, and are subject to the executive's continued employment. The number of shares issuable upon vesting of these PBRsUs 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.
- (5) Options to acquire common stock granted under the Long-Term Stock Program. The options vest and become exercisable in four equal annual installments beginning on the first anniversary of the award date, and are subject to the executive's continued employment.
- (6)

RSUs under the Long-Term Stock Program. Inducement RSUs granted in 2015 to Ms. Szyman become vested in four equal annual installments beginning on the first anniversary of the award date, and are subject to the executive's continued employment.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Option Exercises and Stock Vested in Fiscal Year 2018**

The following table sets forth for each of the NEOs the number of shares of our common stock acquired and the value realized on each exercise of stock options during the year ended December 31, 2018. No stock appreciation rights have been granted to the NEOs.

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise(#)	Value Realized on Exercise (\$) <sup>(1)</sup>	Number of Shares Acquired on Vesting(#)	Value Realized on Vesting (\$) <sup>(2)</sup>
Mr. Mussallem	394,200 <sup>(3)</sup>	37,012,882	47,300	6,467,923
Mr. Ullem	175,036 <sup>(4)</sup>	18,358,413	38,202	5,154,561
Mr. Bobo	74,400 <sup>(5)</sup>	7,359,867	11,936	1,632,165
Ms. Szyman			19,084	2,587,479
Mr. Wood	75,600 <sup>(6)</sup>	7,541,794	12,648	1,741,175

- (1) The dollar amounts shown in the Value Realized on Exercise column are determined by multiplying (i) the number of shares of our common stock to which the exercise of the option related, by (ii) the difference between the per-share closing price of our common stock on the date of exercise and the exercise price of the options.
- (2) The dollar amounts shown in the Value Realized on Vesting column are determined by multiplying (i) the number of shares or units, as applicable, that vested, by (ii) the per-share closing market price of our common stock on the day prior to vesting.
- (3) All 394,200 options exercised by Mr. Mussallem were exercised pursuant to a pre-arranged stock trading plan established under Rule 10b5-1 of the Exchange Act (a Rule 10b5-1 Plan ).
- (4) All 175,036 options exercised by Mr. Ullem were exercised pursuant to a Rule 10b5-1 Plan.
- (5) All 74,400 options exercised by Mr. Bobo were exercised pursuant to a Rule 10b5-1 Plan.
- (6) All 75,600 options exercised by Mr. Wood were exercised pursuant to a Rule 10b5-1 Plan.

### 2018 Nonqualified Deferred Compensation Plans

*Executive Deferred Compensation Plan.* The following table sets forth information relating to our nonqualified deferred compensation plan ( EDCP ) for 2018 for the NEOs.

Name	Executive Contributions in Last Fiscal Year (\$) <sup>(1)</sup>	Registrant Contributions in Last Fiscal Year (\$) <sup>(2)</sup>	Aggregate Earnings in Last Fiscal Year (\$) <sup>(3)</sup>	Aggregate Withdrawals Distributions (\$)	Aggregate Balan at Last FYE (\$) <sup>(4)</sup>
<b>Mr. Mussallem</b>	235,444	139,311	-508,573		4,679,953

#### Mr. Ullem

<b>Mr. Bobo</b>	471,922	33,026	-297,805	4,642	5,431,464
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<b>Ms. Szyman</b>	302,008	43,141	-75,359	1,677,003
<b>Mr. Wood</b>	64,652	45,985	-60,968	699,145

- (1) Executive contributions for 2018 are included in the Salary column of the Summary Compensation Table above.
- (2) Company contributions for 2018 are included in the All Other Compensation column of the Summary Compensation Table above.
- (3) Earnings is defined to reflect the difference in the account balance between the beginning and end of the year, less any executive or Company contributions and any amounts withdrawn or distributed. Earnings include realized and unrealized gains and losses, capital gains and losses, and dividends paid.
- (4) The vested balance at the end of 2018 reflects the following aggregate amounts that were previously reported as compensation in the appropriate columns of the Summary Compensation Table for years through and including 2017 to the extent the executive was an NEO for the applicable year: \$4,813,772 for Mr. Mussallem, \$0 for Mr. Ullem, \$5,028,345 for Mr. Bobo, \$1,407,213 (of which \$1,383,261 was vested at the end of fiscal year 2017), for Ms. Szyman, and \$649,477 for Mr. Wood. In addition, Mr. Bobo deferred \$200,618 from his 2017 Non-Equity Incentive payout into the EDCP.

The EDCP provides the NEOs and certain other employees with the opportunity to defer specified percentages (up to 25%) of their cash compensation and receive matching employer contributions that could not be deferred or contributed to the 401(k) because of the limitations under such plan imposed by the Internal Revenue Code (the Code). The EDCP also permits the participants to defer up to 100% of their annual cash incentive bonus and an additional 55% of their base pay, but we do not match the employee contribution above 25%. Participants may elect deferred amounts to be paid either in

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**EXECUTIVE COMPENSATION AND OTHER INFORMATION**

the form of a lump sum or in up to 15 annual installments upon either separation from service, a specified date, or death. Deferrals are credited with gains or losses based on the performance of one or more investment alternatives selected by the participant from among investment funds chosen by the Compensation Committee or its delegate. Investment elections made for each plan year may not be revoked, changed or modified except as permitted under the EDCP, and subject to applicable law. No actual investments will be held in the participants' accounts and participants will at all times remain general unsecured creditors of the Company with respect to their account balances.

**Potential Payments Upon Termination or Change in Control**

Included below is a summary of the material terms and conditions of the only agreements we have entered into with our NEOs that provide for certain payments and benefits in connection with a termination of their employment, other than benefits that are part of employee benefit plans that apply on the same terms to all salaried employees. Also described below are the terms of the Long-Term Stock Program with respect to outstanding equity awards in the event of a change in control of the Company.

***Change-in-Control Severance Agreements.*** We have entered into change-in-control severance agreements with each of the NEOs and certain other executives. The change-in-control severance agreements entered into with Messrs. Mussallem, Bobo and Wood were subject to an initial term ending December 31, 2013, and the change-in-control severance agreements entered into with Ms. Szyman and Mr. Ullem were subject to initial terms ending December 31, 2015 and December 31, 2014, respectively. The change-in-control severance agreements are subject to automatic one-year extensions each year unless we provide notice that the agreement will not be extended. Under the terms of the change-in-control severance agreement, each executive is entitled to receive certain severance payments if, at any time during the period commencing six months prior to and ending on the date that is 24 months following a change in control, the executive incurs a "qualifying termination" of employment. For these purposes, a "qualifying termination" means (i) the executive is involuntarily terminated by us without cause or (ii) the executive voluntarily terminates employment for good reason.

For purposes of the change-in-control severance agreements, "cause" generally includes (1) certain willful and deliberate material breaches by the executive of the executive's duties and responsibilities that are not timely remedied; (2) the executive engaging in conduct that is willfully, demonstrably and materially injurious to the Company that is not timely remedied; or (3) the executive being convicted of, or pleading guilty or *nolo contendere* to, a felony that adversely affects the reputation of the executive or the Company.

For the NEOs other than Mr. Mussallem, "good reason" generally includes (1) a material change of the executive's responsibilities or status or the assignment of the executive to duties materially inconsistent with such responsibilities or status; (2) a relocation in excess of 50 miles of the executive's principal job location; (3) a reduction of the executive's base salary, incentive plans or benefits; (4) our failure to require any successor company to assume the obligations under the agreement; or (5) a material breach by the Company of the material terms of the agreement. For Mr. Mussallem, "good reason" generally has the same meaning described above, except that the definition also includes that following a change in control (1) Mr. Mussallem is no longer a member of the Board or fails to be nominated for reelection to the Board; or (2) Mr. Mussallem and the Company (or any successor company) have not mutually agreed

(within five business days following a change in control) on the terms and conditions of his continued employment.

In the event of a qualifying termination, the executive would be entitled to receive a lump sum payment equal to the sum of (1) two times (three times in the case of Mr. Mussallem) the annual base salary as of the time of termination (or during the 12 months preceding the change in control, if higher); (2) two times (three times in the case of Mr. Mussallem) the Incentive Pay Objective for the year of termination (or the dollar amount of the actual bonus paid in the preceding year, if higher); (3) a pro-rated bonus for the year of termination; (4) all then-outstanding and unvested long-term incentive awards would generally be subject to accelerated vesting; and (5) continued participation in our medical and dental plans for three years following termination of employment. In addition, the executive would be entitled to reasonable outplacement services. If any such payments or benefits would constitute a parachute payment under Section 280G of the Code, then such payments and benefits would be reduced to the extent necessary to assure that the executive receives only the greater of (1) the amount of the payments which would not constitute a parachute payment, or (2) the amount which yields the greatest after-tax benefit after taking into account any excise taxes imposed under Section 4999 of the Code. The change-in-control severance agreements do not provide for tax gross-up payments. Receipt of these severance benefits is conditioned upon the executive executing and not revoking a general release of any claims in favor of the Company.

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**Table of Contents****EXECUTIVE COMPENSATION AND OTHER INFORMATION**

The change-in-control severance agreements for the NEOs other than Mr. Mussallem provide that, in the event the executive is entitled to benefits under our Severance Pay Plan (the Severance Plan), which is described below, and the executive also has a qualifying termination under the change-in-control severance agreement, the executive will be entitled to the benefits under the change-in-control severance agreement only, and installment payments under the Severance Plan will immediately terminate without offset or reduction for any benefits already received under the Severance Plan. In the event Mr. Mussallem becomes entitled to the benefits under his change-in-control severance agreement following the time at which he became entitled to certain severance benefits under the terms of his employment agreement (which is described below), any then-remaining severance benefits under his employment agreement will immediately terminate and he will only be entitled to benefits under his change-in-control severance agreement, and the amount of certain severance benefits payable under his change-in-control severance agreement will be reduced by the amount of the severance benefits previously paid under his employment agreement.

***Employment Agreement with CEO.*** On March 9, 2009, the Company entered into an amended and restated employment agreement with Mr. Mussallem pursuant to which he is eligible to receive benefits in connection with certain termination circumstances. If Mr. Mussallem's employment is terminated without cause, we will pay him the sum of (1) two times his highest base salary in the preceding 12 months; (2) the higher of one times his maximum target bonus for the year of termination, or two times the actual bonus paid in the preceding year; (3) a pro-rated bonus for the year of termination; and (4) an amount equal to the cost of continued medical and dental coverage for up to 24 months. Mr. Mussallem will not be entitled to receive any such payments if he receives payments under his change-in-control severance agreement and, as described above, any severance benefits Mr. Mussallem may receive under his change-in-control severance agreement will be offset by any benefits he received under his employment agreement. For purposes of Mr. Mussallem's employment agreement, cause generally includes (1) the executive willfully engaging in conduct that is demonstrably and materially injurious to the Company; or (2) the executive's conviction of a felony.

If Mr. Mussallem's employment is terminated due to retirement, disability or death, he will receive his pro-rated bonus for the year of termination and additional benefits as determined in accordance with our benefit plans.

For a period of 24 months following his termination of employment, Mr. Mussallem may not employ or solicit for employment any of our employees or consultants.

***Severance Pay Plan.*** We maintain the Severance Plan, under which the NEOs (other than Mr. Mussallem) and certain other employees are eligible to receive severance benefits in connection with a termination of the individual's employment due to elimination of his or her position or a reduction in the size of our workforce. Benefits paid to an NEO (other than Mr. Mussallem) under the Severance Plan consist of cash severance equal to one and one-half times the executive's monthly compensation (as defined in the Severance Plan), plus 4% of the monthly compensation multiplied by the number of whole months of service completed as of the date of termination. In no event will this cash severance exceed two times the annual compensation received in the preceding 12 months. See **Change-in-Control Severance Agreements** section above for a description of the treatment of Severance Plan benefits if an NEO is also entitled to severance benefits under the change-in-control severance agreement.



*Acceleration of Equity Awards.* Pursuant to the terms of the Long-Term Stock Program applicable to awards granted prior to May 2015, in the event of a change in control of the Company, all outstanding stock options, restricted stock, RSUs and PBRSUs held by all employees (including the NEOs) will vest in full. This provision was amended as to awards granted since May 2015 such that both a change in control and a specified termination of employment (a double-trigger ) are required, or the awards must be terminated in the change-in-control transaction, in order for vesting of the awards to accelerate in connection with the change-in-control transaction.

*Estimated Payments.* The following tables set forth the estimated payments and benefits that would have been payable to the NEOs under the terms of their agreements as described above had their employment been terminated on December 31, 2018 under the termination circumstances indicated below. Unless otherwise noted, all cash payments would be made in a lump sum and would be paid by us or our successor. The amounts set forth in these tables represent estimates and forward-looking information that is subject to substantial variation based on the timing of the applicable triggering event. We caution the reader to consider these limitations in reviewing the following tables.

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

For purposes of estimating the amount of payments and benefits payable as a result of a termination of the executive's employment following a change in control, we have made the following assumptions where applicable:

the change in control occurred on December 31, 2018;

the stock price was \$153.17 per share, which was the closing price of our common stock on December 31, 2018;

all NEOs were terminated on the date of the change in control; and

the NEOs received continued participation in our medical and dental plans for three years following termination of employment.

We have also assumed that outstanding and unvested stock options, RSUs and PBRsUs held by the executive accelerated and became vested (to the extent required in the circumstances) on the applicable event. If the awards were accelerated in connection with a change in control pursuant to which the awards were to be terminated, the value of the acceleration would be the same as the applicable value indicated below for Qualifying Termination in Connection with a Change in Control assuming that the change in control occurred on December 31, 2018. In these circumstances, there would be no additional value for the accelerated vesting of the awards in connection with a termination of employment if the awards had previously accelerated because of the change in control.

**Executive Benefits and Payments upon Termination: Mr. Mussallem**

Qualifying Termination in Connection with a Change in Control <sup>(1)</sup>	Termination Due to Retirement <sup>(2)</sup>	Termination Due to Disability or Death <sup>(2)</sup>	Involuntary Termination by the Company Without Cause <sup>(2)</sup>
(a)	(b)	(c)	(d)

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Salary Severance	\$ 3,120,000			\$ 2,080,000
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Bonus Severance	7,791,000			5,194,000
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Pro Rata Bonus 2018	1,456,000	\$ 1,456,000	\$ 1,456,000	1,456,000
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Stock Option Acceleration	4,596,494		4,569,494	
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		(3)		
Restricted Stock Unit Acceleration	6,605,456	2,032,374	4,573,082	

Performance-Based Stock Unit Acceleration	6,570,994	3,666,932	3,666,932	3,666,932
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Medical and Dental Coverage Continuation <sup>(2)</sup>	28,562			19,041
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Outplacement	50,000			
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Total	\$ 30,218,506	\$ 7,155,306	\$ 14,292,508	\$12,415,973
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(1) Pursuant to the terms of Mr. Mussallem's change-in-control severance agreement. Mr. Mussallem's payments and benefits will be reduced to the extent necessary to ensure that he receives only the greater of (1) the amount of the payments which would not constitute a parachute payment, or (2) the amount which yields the executive the greatest after-tax amount of benefits after taking into account any excise taxes imposed on the executive under

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Section 4999 of the Code. The value of Mr. Mussallem's severance benefits presented in the table assumes that no such reduction in his benefits would be required.

- (2) Pursuant to the terms of Mr. Mussallem's amended and restated employment agreement, and assuming that the termination of employment is not in connection with a change in control.
- (3) The amount of payments in this column constitute the sum of payments due for restricted stock unit acceleration in columns (b) and (c).

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## EXECUTIVE COMPENSATION AND OTHER INFORMATION

**Executive Benefits and Payments upon Termination: Qualifying Termination in  
Connection with a Change in Control<sup>(1)</sup>**

	Mr. Ullem	Mr. Bobo	Ms. Szyman	Mr. Wood
Salary Severance	\$ 1,193,258	\$ 1,189,418	\$1,092,728	\$ 1,153,424
Bonus Severance	1,600,800	1,604,946	1,485,080	1,560,636
Pro Rata Bonus 2017	450,000	445,000	410,000	440,000
Stock Option Acceleration	2,857,540	2,517,023	3,418,450	2,759,950
Restricted Stock Unit Acceleration	1,654,236	1,489,578	2,683,921	1,592,968
Performance-Based Stock Unit Acceleration	1,642,749	1,577,651	1,489,578	1,577,651

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Medical and Dental Coverage Continuation	117,252	39,492	117,252	117,252
Outplacement	50,000	50,000	50,000	50,000
Cutback				
Total	\$ 9,565,835	\$ 8,913,108	\$ 10,747,009	\$ 9,251,881

- (1) Under the change-in-control severance agreements, payments and benefits will be reduced to the extent necessary to ensure that the executive receives only the greater of (1) the amount of the payments which would not constitute a parachute payment or (2) the amount which yields the executive the greatest after-tax amount of benefits after taking into account any excise taxes imposed on the executive under Section 4999 of the Code. The value of each executive's severance benefits presented on the table assumes that no such reduction in benefits would be required.

**Executive Benefits and Payments upon Termination:**

**Not in Connection with a Change in Control**

	Mr. Ullem	Mr. Bobo	Ms. Szyman	Mr. Wood
Cash Severance	\$ 191,916	\$ 625,436	\$ 153,893	\$ 842,961

**CEO Pay Ratio**

Pursuant to the Exchange Act, we are required to disclose in this Proxy Statement the ratio of the total annual compensation of our CEO to the median of the total annual compensation of all of our employees (excluding our CEO). Based on SEC rules for this disclosure and applying the methodology described below, we have determined that our CEO's total compensation for 2018 was \$10,278,949, and the median of the total 2018 compensation of all of our employees (excluding our CEO) was \$49,936. Accordingly, we estimate the ratio of our CEO's total compensation for 2018 to the median of the total 2018 compensation of all of our employees (excluding our CEO) to be 206 to 1.

The median employee that was to be used for purposes of calculating the ratio above was the same employee (the 2017 median employee) that was identified as the median employee for purposes of the CEO pay ratio disclosure.

included in the proxy statement for our 2017 annual meeting of stockholders (the 2017 Pay Ratio Disclosure ) because, except as noted in the next sentence, there has been no change in our employee population or employee compensation arrangements since the 2017 median employee was identified that we believe would significantly impact our pay ratio disclosure. However, because the 2017 median employee was on a leave of absence for a portion of 2018, we believe the impact of that leave on the 2017 median employee's total compensation for 2018 would result in a significant change to the pay ratio disclosure. Accordingly, and as permitted by SEC rules, we substituted another employee, whose total compensation for 2017 was substantially similar to the 2017 median employee's total compensation for 2017 based on the compensation measure used to select the median employee for purposes of the 2017 Pay Ratio Disclosure, as the median employee for purposes of this disclosure.

The total compensation for 2018 for that median employee, and the total compensation for 2018 for our CEO, as included in the first paragraph of this pay ratio disclosure were determined using the same rules that apply to reporting the compensation of our Named Executive Officers (including our CEO) in the Total column of the Summary Compensation Table. The SEC's pay ratio disclosure rules permit the use of estimates, assumptions, and adjustments, and the SEC has acknowledged that pay ratio disclosures may involve a degree of imprecision. We believe that the foregoing pay ratio is a reasonable estimate calculated in a manner consistent with the SEC's pay ratio disclosure rules.

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**PROPOSAL 2 ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

In accordance with Section 14A of the Exchange Act and the related rules of the SEC, we are providing our stockholders with the opportunity to vote, on an advisory, non-binding basis, on the executive compensation of our NEOs as disclosed in this Proxy Statement (including in the compensation tables and narratives accompanying those tables as well as in the Compensation Discussion and Analysis ).

As described more fully in the Compensation Discussion and Analysis, our executive compensation programs are designed to attract, retain, motivate, and engage executives with superior leadership and management capabilities. High-caliber talent is critical to our success and we strive to provide compensation that is competitive. Our strong pay-for-performance culture is reflected below:

A significant portion of executive compensation is performance based;

Our performance goals consist of a mix of company-wide financial, operating, and strategic measures as well as personal objectives designed to further the Company's annual and long-term business performance; and

We strive to align the interests of our executives with the interests of our stockholders, with a significant portion of executive compensation being in the form of equity awards with a value dependent upon our stock price. We urge stockholders to read the Compensation Discussion and Analysis beginning on page 25, which describes in more detail how our executive compensation policies and procedures are designed and operate to achieve our compensation and strategic objectives, as well as the Summary Compensation Table and other related compensation tables and narrative appearing on pages 42 through 54. The Compensation Committee and the Board believe that the policies, procedures, and compensation programs described in these sections have contributed to the Company's long-term performance.

In the advisory vote at our 2018 annual meeting, approximately 94% of the votes cast by our stockholders supported our executive compensation policies and procedures.

Even though we have regularly received strong support for our executive pay practices, the Compensation Committee continues to engage in periodic reviews of our executive compensation and benefits programs and makes changes as appropriate to reflect our compensation philosophy and objectives, and to take into account stockholder feedback.

In 2018, we achieved significant growth and exceeded our financial goals, including non-GAAP revenue, net income and free cash flow, the three measures of achievement under our annual cash incentive plan. In February 2019, after reviewing the Company's 2018 performance versus financial and operational goals, TSR performance, and business unit performance, the Compensation Committee awarded incentive payments to the NEOs that ranged from 115% to



130% of the Incentive Pay Objectives for the NEOs.

Another indicator of our pay-for-performance culture is the relationship of the NEOs' total direct compensation to TSR. Over the past five years, on average, 88% of the CEO's total direct compensation is performance-based, and 74% is tied to the performance of Edwards' stock. Our stock price has increased 366% over the past five years, 94% over the past three years, and 36% over the past year.

We are asking our stockholders to indicate their support for our NEO compensation programs as described in the Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our NEOs' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in the Proxy Statement.

Accordingly, we ask our stockholders to vote **FOR** the following resolution at the Annual Meeting:

**RESOLVED**, that the Company's stockholders approve, on an advisory basis, the compensation of the NEOs, as disclosed in the Company's Proxy Statement for the 2019 Annual Meeting of Stockholders pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosure included in the Proxy Statement.

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**PROPOSAL 2 ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION**

The say-on-pay vote is advisory, and therefore not binding on the Company, the Compensation Committee or the Board, and it will not be construed as overriding a decision by the Company, the Compensation Committee or the Board, or creating or implying any additional fiduciary duty. However, the Board and our Compensation Committee value the opinions of our stockholders and will consider the voting results when making future decisions regarding executive compensation. Our current policy is to provide our stockholders with an opportunity to approve the compensation of the NEOs each year at the annual meeting. It is expected that the next such vote will occur at the 2020 annual meeting.

**Table of Contents****EQUITY COMPENSATION PLAN INFORMATION**

The following table sets forth, for each of our four equity compensation plans, which include the Long-Term Stock Program, the Nonemployee Directors Program, the 2001 Employee Stock Purchase Plan for United States Employees (the U.S. ESPP ) and the 2001 Employee Stock Purchase Plan for International Employees (the International ESPP ), the number of shares of our common stock subject to outstanding awards, the weighted-average exercise price of outstanding options, and the number of shares remaining available for future award grants as of December 31, 2018. These plans have each been approved by our stockholders.

<b>Plan Category</b>	<b>Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights(#)</b>	<b>Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights(\$)<sup>(1)</sup></b>	<b>Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(#) (excluding securities reflected in column (a)(c))</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)(c)</b>
Equity Compensation Plans Approved by Stockholders	8,212,873 <sup>(2)</sup>	\$73.41	10,167,885 <sup>(3)</sup>
Equity Compensation Plans Not Approved by Stockholders			

- (1) The weighted-average exercise price is calculated without taking into account 987,776 shares of common stock subject to outstanding RSUs that will become issuable as those units vest, without any cash consideration or other payment required for such shares.
- (2) This amount includes 855,460 shares of common stock subject to RSU awards that will entitle the holder to one share of our common stock for each such unit that vests over the holder's period of continued service, 130,879 shares subject to PBRsUs granted to executives (at the targeted level of performance; actual payout could range from 0% to 175% of the targeted level based on relative total stockholder return), and 1,437 restricted shares granted to nonemployee directors.
- (3) As of December 31, 2018, the following number of shares of common stock remain available for future issuance under equity compensation programs approved by our stockholders: (a) Long-Term Stock Program 9,390,007; (b) Nonemployee Directors Program 777,878; (c) U.S. ESPP 1,514,085 and (d) the International ESPP 456,312.

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**AUDIT MATTERS**

**PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has appointed PricewaterhouseCoopers LLP ( PwC ) as our independent registered public accounting firm for the fiscal year ending December 31, 2019. Representatives of PwC are expected to attend the Annual Meeting and will be available to respond to appropriate questions and to make a statement if they so desire. In addition to the annual audit services, PwC performs certain non-audit services for us. Although we are not required to seek stockholder approval of the appointment of PwC, the Board believes that it is consistent with good corporate governance practices to ask stockholders to ratify the appointment. If the appointment is not ratified, the Audit Committee will explore the reasons for stockholder rejection and will reconsider the appointment. In addition, even if stockholders ratify the Audit Committee s appointment of PwC, the Audit Committee, in its discretion, may still appoint a different independent registered public accounting firm if it believes that such a change would be in the best interests of the Company and our stockholders.

PwC has been our independent registered public accounting firm since 1999, serving in that capacity and reporting on our consolidated financial statements and the effectiveness of our internal controls over financial reporting continuously through the 2018 fiscal year.

In considering whether to reappoint PwC, the Audit Committee evaluated PwC s performance and considered the following factors:

PwC s global capabilities;

the results of the Company s annual assessment of PwC s performance;

PwC s and the audit engagement team s independence;

the quality, timeliness, and candor of PwC s communications with the Audit Committee and management;

the appropriateness of PwC s fees;

PwC s tenure as our independent registered public accounting firm;

the controls and processes in place that help ensure PwC's continued independence; and

whether the provision of non-audit services provided by PwC to the Company during 2018 was compatible with their independence.

The Audit Committee maintains oversight over PwC by holding regular private sessions with PwC, performing annual evaluations, and being directly involved in the selection of new lead audit partners pursuant to SEC rules requiring that a new lead audit partner be designated in the normal course every five years to bring a fresh perspective to the audit engagement. A new partner was so designated in advance of the 2015 audit.

**Fees Paid to Principal Accountants.** During 2018 and 2017, PwC was retained to provide services in the following categories and amounts (in millions):

	2018	2017
Audit Fees	\$ 3.4	\$ 2.8
Audit-Related Fees	0.3	0.3
Tax Fees	1.3	1.6

All Other Fees

**Audit Fees.** Amounts paid under Audit Fees include aggregate fees for the audit of our consolidated financial statements and the effectiveness of internal controls over financial reporting, the three quarterly reviews of the Company's reports on Form 10-Q and other SEC filings, and services in connection with statutory and regulatory filings.

**Audit-Related Fees.** Amounts paid under Audit-Related Fees were for miscellaneous audit and consulting services.

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**AUDIT MATTERS**

***Tax Fees.*** Amounts paid under **Tax Fees** in 2018 were for tax compliance (\$0.7) million and other tax services (\$0.6) million, and in 2017 were for tax compliance (\$0.9) million and other tax services (\$0.7) million.

***All Other Fees.*** There were immaterial fees paid under **All Other Fees** in 2018 and 2017.

***Pre-Approval of Services.*** The Audit Committee is required to pre-approve the audit and non-audit services performed by our independent registered public accounting firm in order to assure that the provision of such services does not impair the auditor's independence. Any proposed services exceeding pre-approved cost levels require specific pre-approval by the Audit Committee.

The Audit Committee at least annually reviews and provides general pre-approval for the services that may be provided by the independent registered public accounting firm; the term of the general pre-approval is 12 months from the date of approval, unless the Audit Committee specifically provides for a different period. If the Audit Committee has not provided general pre-approval, then the type of service requires specific pre-approval by the Audit Committee.

The Audit Committee does not delegate to management its responsibilities to pre-approve services performed by the independent registered public accounting firm, but may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated must report any pre-approval decisions to the Audit Committee at its next scheduled meeting. The annual audit services, engagement terms, and fees are subject to the specific pre-approval of the Audit Committee. One hundred percent (100%) of audit and non-audit services performed by PwC in 2018 and 2017 were approved by the Audit Committee.

**AUDIT COMMITTEE REPORT**

The Audit Committee comprises the three directors named below, each of whom meets the enhanced independence standards for Audit Committee members as set forth in applicable rules of the NYSE and the SEC. The Board has designated each member of the Audit Committee as an **audit committee financial expert** under applicable rules of SEC. Additional information regarding the Audit Committee, its responsibilities and meetings are described above in the section entitled **Board of Directors Matters** **Corporate Governance Policies and Practices** **Committees of the Board**.

Management is responsible for our internal controls, financial reporting process and compliance with laws, regulations and ethical business practices. Our independent registered public accounting firm, PwC, is responsible for performing an independent audit of our annual consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as expressing an opinion on the effectiveness of our internal control over financial reporting. The Audit Committee's responsibility is to monitor and oversee these processes.

In fulfilling its oversight responsibilities, the Audit Committee has reviewed and discussed with management the Company's consolidated financial statements as of and for the fiscal year ended December 31, 2018. The Audit Committee has discussed with the Company's independent registered public accounting firm the matters required to be



discussed by Auditing Standard 1301, Communications with Audit Committees. The Audit Committee has received and reviewed the written disclosures and the letter from the independent registered public accounting firm under applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent registered public accounting firm its independence.

Based on the reviews and discussions referred to above, and relying thereon, the Audit Committee recommended to the Board that the financial statements referred to above be included in the Company's Annual Report on Form 10-K for filing with the SEC.

***The Audit Committee:***

Leslie S. Heisz (Chair)

Kieran T. Gallahue

Wesley W. von Schack

*This report shall not be deemed soliciting material or to be filed with the SEC, or incorporated by reference in any document so filed, whether made before or after the date hereof, except to the extent we specifically request that it be treated as soliciting material or it is specifically incorporated by reference therein.*

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**OTHER MATTERS AND BUSINESS**

**PROPOSAL 4 STOCKHOLDER PROPOSAL REGARDING INDEPENDENT CHAIR POLICY**

A stockholder has submitted the proposal and supporting statement set forth below in accordance with the rules of the SEC.

The Board and the Company disclaim any responsibility for its content. We will furnish, orally or in writing as requested, the name, address and claimed share ownership of the stockholder that submitted this proposal promptly upon oral or written request to the Company's Corporate Secretary.

**Proposal 4 Independent Board Chairman**

Shareholders request our Board of Directors to adopt as a policy, and amend our governing documents as necessary, to require henceforth that the Chair of the Board of Directors, whenever possible, to be an independent member of the Board. The Board would have the discretion to phase in this policy for the next Chief Executive Officer transition, implemented so it does not violate any existing agreement.

If the Board determines that a Chairman, who was independent when selected is no longer independent, the Board shall select a new Chairman who satisfies the requirements of the policy within a reasonable amount of time. Compliance with this policy is waived if no independent director is available and willing to serve as Chairman. This proposal requests that all the necessary steps be taken to accomplish the above.

This proposal topic won 50%-plus support at 5 major U.S. companies in 2013 including 73%-support at Netflix. These 5 majority votes would have been still higher if all shareholders had access to independent proxy voting advice.

This proposal is more important to Edwards Lifesciences shareholders because we do not have a Lead Director. We have a presiding director which is like having a passive Lead Director. It is important to the succession planning efforts of our Board of Directors include a transition to an independent Board Chairman.

An independent Chairman is best positioned to build up the oversight capabilities of our directors while our CEO addresses the challenging day-to-day issues facing the company. The roles of Chairman and CEO are fundamentally different and should be held by 2 directors, a CEO and a Chairman who is completely independent.

Please vote yes:

**Independent Board Chairman Proposal 4**

**The Board has carefully considered the above stockholder proposal and believes that it is unnecessary and not in the best interests of stockholders. The Board recommends that stockholders vote **AGAINST** this proposal for the following reasons:**

The Company's current leadership structure and corporate governance practices provide strong independent oversight and have been expanded in response to stockholder feedback.

The Board's independent leadership structure is evaluated on a regular basis to ensure that the approach continues to provide effective independent oversight of the Company and serves the best interests of stockholders.

The independent directors should have the flexibility to determine whether to separate or combine the Chairman and CEO roles in light of the circumstances at the time and not be restricted to a single rigid approach.

**The Company's current leadership structure and corporate governance practices provide strong independent oversight and have been expanded in response to stockholder feedback.**

Our Board firmly believes it is essential to have an active, engaged and independent Board, and maintains strong governance practices to ensure that it continues to provide effective independent oversight and serves the best interests of the Company's stockholders.

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Our Governance Guidelines provide that if our Chairman is not independent, our independent directors will annually select an independent director to serve as Lead Independent Director. Wesley von Schack currently serves as Lead Independent Director and formerly served as our Presiding Director. Based on feedback received from our stockholders through our active engagement program, the Board recently expanded the role of the Presiding Director position and, in light of the additional responsibilities, renamed the position Lead Independent Director. The new Lead Independent Director has a number of key duties and responsibilities including the following:

serving as the principal liaison between the independent members of the Board and the Chairman and other members of management;

approving Board meeting agendas and relevant information provided to the Board;

approving Board meeting schedules to ensure there is sufficient time for discussion of all agenda items;

coordinating the activities of the independent directors, including calling meetings of the independent directors as necessary and appropriate to address their responsibilities;

providing feedback to management from the Board's executive sessions;

providing advice, counsel and support to the Chairman; and

consulting and directly communicating with major stockholders, as appropriate, including participation in the Company's stockholder outreach efforts.

In addition to having a Lead Independent Director, all members of our Board are independent directors, other than our CEO Michael Mussallem. Our Board's independent oversight is further enhanced by the standing Board committees, which are composed entirely of independent directors. The directors bring a broad range of leadership experience to the boardroom and thoughtfully contribute to the discussions involved in overseeing the affairs of the Company. All directors are very engaged in their responsibilities, freely express their views, and are open to the opinions expressed by other directors.

The Board adheres to governance practices that promote the active, independent oversight of the Company. For example, the independent directors regularly meet in executive session at all in-person Board and committee meetings, led by the Lead Independent Director during which they discuss matters relating to the Company and the functioning

of the Board. In addition, we have adopted a number of other governance practices in response to stockholder feedback, including:

adopting proxy access;

reducing the ownership threshold for stockholders to call special meetings;

de-classifying the Board; and

adopting majority voting in uncontested director elections.

**The Board's independent leadership structure is evaluated on a regular basis to ensure that the approach continues to provide effective independent oversight of the Company and serves the best interests of stockholders.**

The independent directors evaluate the Board's leadership structure on a regular basis. They incorporate stockholder feedback into their deliberations on this topic. Each year, the Lead Independent Director's performance is assessed. As part of this review, the Compensation Committee evaluates the criteria for nominees for the Lead Independent Director role and assesses any needed changes. In selecting the Lead Independent Director, the Committee considers relevant leadership, operational and corporate governance experience, relationships with other Board members and external commitments. In addition, the Lead Independent Director is expected to have a thorough understanding of the Company's business operations and history.

At this time, our Board continues to believe that the current leadership structure is effective for our Company and in the best interests of our stockholders. We maintain a Lead Independent Director with robust and clearly defined responsibilities to provide strong independent oversight. Our Chairman provides the Company and the Board with strong leadership and continuity of expertise in the Company's business operations and corporate governance practices. Given our Chairman's extensive institutional knowledge, he is in the best position to facilitate the flow of communications and business information between Board members and between the Board and management.

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Our Board also believes that our current leadership structure is effective because it fosters a constructive and cooperative relationship between the independent directors and management that allows our Board to most effectively carry out its oversight duties. The independent directors regularly engage with members of management as a part of its succession planning and risk oversight responsibilities. Our independent directors spend time with our company leaders, including executive officers, business group leaders and functional leaders in a variety of formats. In addition, directors have freedom to access all employees and have made site visits to meet local management.

**The independent directors should have the flexibility to determine whether to separate or combine the Chairman and CEO roles in light of the circumstances at the time and not be restricted to a single rigid approach.**

Under our Corporate Governance Guidelines, the Board can and will change its leadership structure if it determines that doing so is appropriate and in the best interests of the Company and our stockholders at any given time. We believe it is in the stockholders' best interests to allow the Board this flexibility rather than be limited to the rigid requirements of the stockholder proposal. It is under this model that the Company has experienced strong financial and operational growth. As discussed above (see Proposal 1 Election of Directors), our Board strives to maintain a highly independent, balanced, and diverse set of directors with the collective skills, expertise, and experience to ensure proper oversight of the Company. Accordingly, our Board is best positioned to evaluate and consider its leadership structure as the Company's circumstances evolve over time.

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**Additional Information.** Our Bylaws, Governance Guidelines and charters of each of the Audit Committee and Compensation Committee are posted on our website at [www.edwards.com](http://www.edwards.com) under Investors Corporate Governance. Our Global Business Practice Standards (applicable to all of the Company's employees, executive officers and directors) are posted at [www.edwards.com](http://www.edwards.com) under About Us Corporate Responsibility. In addition, our Sustainability Report is posted on our website at [www.edwards.com](http://www.edwards.com) under About Us Corporate Responsibility. References to our website throughout this Proxy Statement are provided for convenience only and the content on our website does not constitute a part of this Proxy Statement.

**Section 16(a) Beneficial Ownership Reporting Compliance.** To our knowledge, all reports that were required to be filed during 2018 by our executive officers, directors and beneficial owners of more than 10% of our common stock under Section 16 of the Exchange Act were filed on a timely basis, except one for Mr. Bobo relating to an exercise and sale of the underlying shares of employee stock options that occurred on December 12, 2018.

**Related Persons Transactions.** Under the Audit Committee charter, the Audit Committee is responsible for reviewing and approving or ratifying all transactions with related persons that are required to be disclosed pursuant to Item 404(a) of Regulation S-K adopted by the SEC. Related persons include our executive officers and directors, nominees for directors, 5% or more beneficial owners of our common stock, and immediate family members of these persons. Transactions involving amounts paid by Edwards or its subsidiaries in excess of \$120,000 and in which the related person has a direct or indirect material interest are referred to as related person transactions. The Audit Committee will generally consider all relevant factors when determining whether to approve or ratify a related person transaction. The Audit Committee reviewed and approved the following related person transaction: Mr. Bobo's son has been working for the Company, for a number of years, in a business unit not under Mr. Bobo's direction. In 2018, his total compensation surpassed the \$120,000 reporting threshold.

**Indemnification of Directors and Officers.** Pursuant to our Amended and Restated Certificate of Incorporation, we indemnify our directors and officers to the fullest extent permitted by law. We have also entered into indemnification agreements with each of our directors and executive officers that contractually commit us to provide this indemnification to him or her.

**Deadline for Receipt of Stockholder Proposals and Director Nominations for the 2020 Annual Meeting**

**Proposals for Inclusion in Proxy Materials.** In order for a stockholder proposal to be eligible for inclusion in our proxy statement for the 2020 annual meeting, the written proposal must be received by the Corporate Secretary of the Company at its principal executive offices at the address below no later than November 28, 2019 and must comply with the requirements of the Rule 14a-8 under the Exchange Act.

**Director Nominations for Inclusion in Proxy Materials.** Under the Company's proxy access right, a stockholder, or a group of up to 30 stockholders, owning at least 3% of our outstanding shares continuously for at least three years, is permitted to nominate up to the greater of two directors or 20% of our Board for inclusion in our proxy statement, provided that the stockholder(s) and the nominee(s) satisfy the requirements in our Bylaws. In order for a stockholder to nominate a director for election to our Board for inclusion in our proxy statement for the 2020 annual meeting,

written notice must be received by the Corporate Secretary of the Company at its principal executive offices at the address below no earlier than October 29, 2019 and no later than November 28, 2019. Other specifics regarding the content of the notice and certain other eligibility and procedural requirements, can be found in Section 10 of Article I of our Bylaws.

*Proposals and Director Nominations Not Intended for Inclusion in Proxy Materials.* In order for a stockholder to present a proposal or nominate a director for election to our Board at our 2020 annual meeting, but not have such proposal or nomination included in the proxy statement for our 2020 annual meeting, written notice of the proposal or director nomination(s) must be received by the Corporate Secretary of the Company at its principal executive offices at the address below no earlier than January 9, 2020 and no later than February 8, 2020. However, if the date of the 2020 annual meeting is a date that is not within 25 days before or after May 8, 2020 (the anniversary date of the Annual Meeting), written notice must be received no later than the close of business on the 10th calendar day after the first to occur of the day on which notice of the 2020 annual meeting is mailed or public disclosure of the date of the 2020 annual meeting is made. Other specifics regarding the notice procedures, including the required content of the notice, can be found in Section 9 of Article I (with respect to stockholder proposals) and Section 2 of Article I (with respect to director nominations) of our Bylaws.



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Our Bylaws require that a stockholder must provide certain information concerning the proposing person, the nominee and the proposal, as applicable. Nominations and proposals not meeting the requirements set forth in our Bylaws will not be entertained at the 2020 annual meeting. Stockholders should contact the Corporate Secretary of the Company in writing at One Edwards Way, Irvine, California 92614 to obtain additional information as to the proper form and content of stockholder nominations or proposals.

**Annual Report on Form 10-K.** The Company will furnish without charge to each person whose proxy is solicited, upon the written request of such person, a copy of the 2018 Annual Report as filed with the SEC, including the financial statements and financial statement schedules (upon request, exhibits thereto will be furnished subject to payment of a specified fee). Requests for copies of such report should be directed to: Edwards Lifesciences Corporation, Attention: Corporate Secretary, One Edwards Way, Irvine, California 92614.

**Delivery of Proxy Materials.** We have adopted a procedure called householding, which the SEC has approved. Under this procedure, stockholders of record who have the same address and last name and did not receive a Notice or otherwise receive their Proxy Materials electronically will receive only one copy of the Proxy Materials unless we receive contrary instructions from one or more of such stockholders. Upon oral or written request, we will deliver promptly a separate copy of the Proxy Materials to a stockholder at a shared address to which a single copy of the Proxy Materials was delivered. If you are a stockholder of record at a shared address to which we delivered a single copy of the Proxy Materials and you desire to receive a separate copy of the Proxy Materials for the Annual Meeting or for our future meetings, or if you are a stockholder at a shared address to which we delivered multiple copies of the Proxy Materials and you desire to receive one copy in the future, please submit your request to Computershare at P.O. Box 30170, College Station, Texas 77842-3170, (800) 446-2617. If you are a beneficial stockholder, please contact your bank, broker or other nominee directly if you have questions, require additional copies of the Proxy Materials, wish to receive multiple reports by revoking your consent to householding or wish to request single copies of the Proxy Materials in the future.

By Order of the Board of Directors,

Linda J. Park

*Vice President, Associate General Counsel,*

*and Corporate Secretary*

**ALL STOCKHOLDERS ARE URGED TO SUBMIT THEIR PROXIES PROMPTLY**

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**APPENDIX A**

**EDWARDS LIFESCIENCES CORPORATION**

**Non-GAAP Financial Information**

We report our financial results in accordance with Generally Accepted Accounting Principles ( GAAP ). We also use non-GAAP historical financial measures. The Company uses the term *adjusted sales* or *underlying growth rate* when referring to non-GAAP sales information, which excludes foreign exchange fluctuations, the conversion to a consignment inventory system for surgical heart valves ( SHV ), and the positive impact of transcatheter heart valve therapy ( THVT ) stocking sales in Germany and the negative impact of de-stocking.

Fluctuations in exchange rates impact the comparative results and sales growth rates of the Company's underlying business. Management believes that excluding the impact of foreign exchange rate fluctuations from its sales growth provides investors a more useful comparison to historical financial results. The impact of foreign exchange rate fluctuations has been detailed in the *Reconciliation of Sales* table below.

Management uses non-GAAP financial measures internally for strategic decision making, forecasting future results, and evaluating current performance. These non-GAAP financial measures are used in addition to, and in conjunction with, results presented in accordance with GAAP and reflect an additional way of viewing aspects of the Company's operations by investors that, when viewed with its GAAP results, provide a more complete understanding of factors and trends affecting the Company's business and facilitate comparability to historical periods.

Non-GAAP financial measures are not prepared in accordance with GAAP; therefore, the information is not necessarily comparable to other companies and should be considered as a supplement to, and not as a substitute for, or superior to, the corresponding measures calculated in accordance with GAAP. A reconciliation of the non-GAAP historical financial measure used herein to the most comparable GAAP measure is provided in the table below.

**The items described below are adjustments to the GAAP financial results in the reconciliation that follows:**

**SHV Consignment Conversion.** In the first, second, third and fourth quarters of 2018, the Company recorded a sales return reserve of \$34.7 million, \$28.4 million, \$14.4 million, and \$5.0 million respectively, related to its conversion to a consignment inventory system for surgical heart valves.

**THVT Germany Stocking Sales.** In the first quarter of 2017, the Company recorded \$61.8 million in net stocking sales to customers in Germany, as these customers elected to purchase additional inventory in anticipation of a potential supply interruption resulting from intellectual property litigation. In the second, third and fourth quarters of 2017, these customers consumed on a net basis \$22.5 million, \$17.0 million, and \$20.9 million respectively, of their stocking inventory. In the first quarter of 2018, these customers consumed on a net basis \$8.0 million of their stocking inventory.

**RECONCILIATION OF SALES**

(in millions, except percentage data)

Sales (YTD)	2018 Adjusted						2017 Adjusted			Underlying Growth Rate*	
	YTD 4Q 2018	YTD 4Q 2017	Change	GAAP Growth Rate*	SHV Consignment Conversion	Germany Stocking	YTD 4Q 2018 Adjusted Sales	Germany Stocking	FX Impact		YTD 4Q 2017 Adjusted Sales
Total	\$ 3,722.8	\$ 3,435.3	\$ 287.5	8.4%	\$ 82.5	\$ 8.0	\$ 3,813.3	\$ (1.4)	\$ 34.3	\$ 3,468.2	10.0%

\* Numbers may not calculate due to rounding.

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