UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 25, 2014

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	0-26224	51-0317849
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

311 Enterprise Drive Plainsboro, NJ	08536
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (609) 275-0500

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On February 25, 2014, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter and year ended December 31, 2013 (the “Press Release”). A copy of the Press Release is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated by reference into this Item. In the financial statements portion of the Press Release, the Company has included a reconciliation of GAAP revenues to adjusted revenues for the quarter and year ended December 31, 2013, and GAAP net (loss)/income to adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) and adjusted EBITDA excluding stock-based compensation, GAAP net (loss)/income to adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share used by management for the quarters and years ended December 31, 2013 and 2012, as well as GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for guidance for the year ending December 31, 2014. In addition, the Company included a supplemental disclosure of revenue by reporting segments in the financial statements portion of the Press Release.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and selected historical financial information) is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section. The information contained in Item 2.02 of this Current Report on Form 8-K (including the Press Release and selected historical financial information) shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in any such filing.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues and the contribution of revenues from discontinued products in both the current and prior periods' revenues. The various measures of adjusted EBITDA consist of GAAP net (loss)/income, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, (v) those operating expenses also excluded from adjusted net income and, as appropriate (vi) stock-based compensation expense. The measure of adjusted net income consists of GAAP net (loss)/income, excluding: (i) manufacturing facility remediation costs; (ii) global enterprise resource planning (“ERP”) implementation charges; (iii) structural optimization charges; (iv) certain employee termination charges; (v) discontinued product lines charges; (vi) acquisition-related charges; (vii) certain expenses associated with product recalls; (viii) impairment charges; (ix) intangible asset amortization expense; (x) convertible debt non-cash interest; and (xi) income tax impact from adjustments and other items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Because the Company reported a GAAP net loss in the full year ended December 31, 2013, the calculation of GAAP diluted weighted average shares outstanding for the full year 2013 period excludes the effects of stock options and unvested restricted stock, as the effect of these equity awards would be anti-dilutive.

The Company believes that the presentation of adjusted revenues and the various adjusted EBITDA, adjusted net income and adjusted earnings per diluted share measures provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. Management uses non-GAAP financial measures in the form of adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share when evaluating operating performance because we believe that the inclusion or exclusion of the items described below, for which the amounts and/or timing may vary significantly depending upon the Company's acquisition, integration, and restructuring activities, for which the amounts are non-cash in nature, or for which the amounts are not expected to recur at the same magnitude as we implement certain tax planning strategies, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of our Company.

Adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share are significant measures used by management for purposes of:

- supplementing the financial results and forecasts reported to the Company's board of directors;
- evaluating, managing and benchmarking the operating performance of the Company;
- establishing internal operating budgets;
- determining compensation under bonus or other incentive programs;
- enhancing comparability from period to period;
- comparing performance with internal forecasts and targeted business models; and
- evaluating and valuing potential acquisition candidates.

The measure of adjusted revenues that we report reflects the reduction in total revenues for the quarter and year ended December 31, 2013 adjusted for the effects of currency exchange rates on current period revenues. We provide this measure because changes in foreign currency exchange rates can distort our revenue reduction favorably or unfavorably, depending upon the strength of the U.S. dollar in relation to the various foreign currencies in which we generate revenues. We generate significant revenues outside the United States in multiple foreign currencies including euros, British pounds, Swiss francs and Australian and Canadian dollars. We believe this measure provides useful information to determine the success of our international selling organizations in increasing sales of products in their local currencies without regard to fluctuations in currency exchanges rates, which we have no control over.

The measure of adjusted net income reflects GAAP net income adjusted for one or more of the following items, as applicable:

- Manufacturing facility remediation costs. These costs represent expenses associated with remediation and related unplanned idle time and underutilization at the Plainsboro, NJ and Añasco, Puerto Rico manufacturing facilities. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature and the magnitude of this item.
- Global ERP implementation charges. Systems implementation charges consist of the non-capitalizable portion of internal labor and outside consulting costs related to the implementation of a global ERP system. We have inherited many diverse business processes and different information systems through our numerous acquisitions. Accordingly, we are undertaking this initiative in order to standardize business processes globally and to better integrate all of our existing and acquired operations using one information system. Although recurring in nature given the expected timeframe to complete the implementation for our existing operations and our expectation to continue to acquire new businesses and operations, management excludes these charges when evaluating the operating performance of the Company because the frequency and amount of such charges vary significantly based on the timing and magnitude of the Company's implementation activities. In addition, with the global ERP project continuing the application development phase and entering the testing phase, more costs of the project will be capitalized and, therefore, are not comparable to earlier periods.
- Structural optimization charges. These charges, which include employee termination and other costs associated with exit or disposal of facilities, costs related to acquisition integration, costs related to transferring manufacturing and/or distribution activities to different locations, and rationalization or enhancement of our organization, result from rationalizing and enhancing our existing manufacturing, distribution, administrative, functional and commercial infrastructure. Some of these cost-saving and efficiency-driven activities are identified as opportunities in connection with acquisitions that provide the Company with additional capacity or economies of scale. Although recurring in nature given management's ongoing review of the efficiency of our organization and structure, including manufacturing, distribution and administrative facilities and operations, management excludes these items when evaluating the operating performance of the Company because the frequency and amount of such charges vary significantly based on the timing and magnitude of the Company's rationalization activities and are, in some cases, dependent upon opportunities identified in acquisitions, which also vary in frequency and magnitude.
- Certain employee termination charges. Certain employee termination and related charges consist of charges related to senior management level terminations and certain significant reductions in force that are not initiated in connection with restructuring. Management excludes these items when evaluating the Company's operating performance because these amounts do not affect our core operations and because of the infrequent and/or large scale nature of these activities.
- Discontinued product lines charges. These charges represent charges taken in connection with product lines that the Company discontinues. Management excludes this item when evaluating the Company's operating performance because discontinued products do not provide useful information regarding the Company's prospects for future performance.
- Acquisition-related charges. Acquisition-related charges include up-front fees and milestone payments that are expensed as incurred in connection with acquiring licenses or rights to technology for which no product has been approved for sale by regulatory authorities and such approval is not reasonably assured at the time such up-front fees or milestone payments are made, inventory fair value purchase accounting adjustments, changes in the fair value of contingent consideration after the acquisition date, and legal, accounting and other outside consultants expenses directly related to acquisitions or divestitures. Inventory fair value purchase accounting adjustments consist of the increase to cost of goods sold that occur as a result of expensing the “step up” in the fair value of inventory that we purchased in connection with acquisitions as that inventory is sold during the financial period. Although recurring given the ongoing character of our development and acquisition programs, these acquisition, divestiture and in-licensing related charges are not factored into the evaluation of our performance by management after completion of development programs or acquisitions because they are of a temporary nature, they are not related to our core operating performance and the frequency and amount of such charges vary significantly based on the timing and magnitude of our development, acquisition and divestiture transactions as well as the level of inventory on hand at the time of acquisition.

- Certain expenses associated with product recalls. These costs represent expenses associated with a voluntary recall of certain products manufactured in the Añasco, Puerto Rico facility between December 2010 and May 2011 and between November 2012 and March 2013. Management excludes these items when evaluating the Company's operating performance because of the infrequent and/or large scale nature of these activities.
- Impairment charges. This primarily represents an impairment charge recorded against goodwill related to the Company's U.S. Spine reporting unit during 2013. Goodwill impairment exists when the reporting unit's goodwill exceeds its implied value. The decrease in the reporting unit's implied fair value resulted primarily from declining financial performance caused by broader market issues as well as company specific issues. The impairment charges category also includes non-goodwill related impairment charges recorded against various intangible assets such as completed or core technology, customer relationships, tradenames, and in-process research and development previously capitalized in connection with business combinations. Such impairments result primarily from management decisions to discontinue or significantly reduce promoting certain product lines or tradenames, the inability to incorporate existing product technologies into product development programs, and other circumstances. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this activity.
- Intangible asset amortization expense. Management excludes this item when evaluating the Company's operating performance because it is a non-cash expense.
- Convertible debt non-cash interest. The convertible debt accounting requires separate accounting for the liability and equity components of the Company's convertible debt instruments, which may be settled in cash upon conversion, in a manner that reflects an applicable nonconvertible debt borrowing rate at the time that we issued such convertible debt instruments. Management excludes this item when evaluating the Company's operating performance because of the non-cash nature of the expense.
- Income tax impact from adjustments and other items. Estimated impact on income tax expense related to the following:

  (i) Adjustments to income tax expense for the amount of additional tax expense that the Company estimates that it would record if it used non-GAAP results instead of GAAP results in the calculation of its tax provision, based on the statutory rate applicable to jurisdictions in which the above non-GAAP adjustments relate.

  (ii) Adjustments to income tax expense in the current quarter for the cumulative impact in that quarter of changes in income tax rates (statutory and estimated effective tax rates) and certain other infrequently occurring items that relate to prior periods. Management excludes these items when evaluating the Company's current quarter operating performance because the cumulative impact in the current quarter of these items applies to prior periods and thus distorts the Company's adjusted income tax rate in the current quarter. The year-to-date adjusted net income and adjusted diluted earnings per share measures are not adjusted by these items, as the cumulative impact is properly reflected in the year-to-date adjusted results.

Adjusted revenues, adjusted EBITDA, adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the revenues, costs or benefits associated with the operations of the Company's business as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of the Company's results as reported under GAAP. The Company expects to continue to acquire businesses and product lines and to incur expenses of a nature similar to many of the non-GAAP adjustments described above, and exclusion of these items from its adjusted financial measures should not be construed as an inference that all of these revenue adjustments or costs are unusual, infrequent or non-recurring. Some of the limitations in relying on the adjusted financial measures are:

- The Company periodically acquires other companies or businesses, and we expect to continue to incur acquisition-related expenses and charges in the future. These costs can directly impact the amount of the Company's available funds or could include costs for aborted deals which may be significant and reduce GAAP net income.
- The Company has initiated a long-term effort to implement a global ERP system, and we expect to continue to incur significant systems implementation charges until that effort is completed. These costs can directly impact the amount of the Company's available funds and reduce GAAP net income.
- All of the adjustments to GAAP net income have been tax affected at the Company's actual tax rates. Depending on the nature of the adjustments and the tax treatment of the underlying items, the effective tax rate related to adjusted net income could differ significantly from the effective tax rate related to GAAP net income.

In the financial tables portion of the Press Release, the Company has included a reconciliation of GAAP reported revenues to adjusted revenues for the quarter and year ended December 31, 2013 and GAAP net (loss)/ income to adjusted EBITDA and adjusted EBITDA excluding stock-based compensation, GAAP net (loss)/income to adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share used by management for the quarters and years ended December 31, 2013 and 2012. Also included are reconciliations for future periods.

ITEM 7.01 REGULATION FD DISCLOSURE

Attached as Exhibit 99.1, and incorporated into this Item 7.01 by reference, is the Press Release issued on February 25, 2014 by the Company.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits

99.1 Press release with attachments, dated February 25, 2014, issued by Integra LifeSciences Holdings Corporation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

By: /s/ John B. Henneman, III
John B. Henneman, III
Title: Corporate Vice President, Finance and Administration, and Chief Financial Officer

Date: February 25, 2014

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release with attachments, dated February 25, 2014, issued by Integra LifeSciences Holdings Corporation

EXHIBIT 99.1

News Release

Contacts:

Integra LifeSciences Holdings Corporation

John B. Henneman, III
Corporate Vice President,
Finance and Administration,
and Chief Financial Officer
(609) 275-0500

Investor Relations:
Angela Steinway
(609) 936-2268
angela.steinway@integralife.com

Integra LifeSciences Reports Fourth Quarter 2013 Financial Results

Increases Fourth Quarter Revenues 3% to $221 Million

Introduces 2014 Full-Year Guidance

Plainsboro, New Jersey, February 25, 2014 - Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the fourth quarter ending December 31, 2013. Total revenues for the fourth quarter were $220.8 million, reflecting an increase of $6.3 million, or 3.0%, over the fourth quarter of 2012. Total revenues in the full year of 2013 were $836.2 million, reflecting an increase of $5.3 million, or 0.6%, over 2012.

Excluding the contribution of revenues from discontinued products, revenues increased 3.5% over the fourth quarter of 2012 and 1.2% over the full year 2012. Currency had a negligible impact on revenues in both the quarter and full year periods.

The Company reported GAAP net income of $12.2 million, or $0.40 per diluted share, for the fourth quarter of 2013, compared to GAAP net income of $12.8 million, or $0.46 per diluted share, for the fourth quarter of 2012. The Company reported GAAP net loss of $(17.0) million, or $(0.60) per diluted share, for the full year 2013, compared to GAAP net income of $41.2 million, or $1.44 per diluted share in 2012.

Net income for the fourth quarter of 2013, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was $23.8 million, or $0.78 per diluted share, compared to adjusted net income of $22.0 million, or $0.78 per diluted share, in the fourth quarter of 2012. Adjusted net income for the full year 2013, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was $70.6 million, or $2.45 per diluted share, compared to $87.2 million, or $3.06 per diluted share in 2012.

“Our organization overcame significant challenges in 2013, and I am excited about the opportunities ahead,” said Peter Arduini, President and Chief Executive Officer. “Our quality and operations teams are strengthened and stabilized, and our commercial teams are launching significant new products, including DuraSeal(R) product lines and our Titan(TM) Shoulder System. We look forward to making further headway on our strategic optimization and growth objectives in 2014.”

Integra generated $11.7 million of cash flows from operations and invested $10.1 million in capital expenditures in the fourth quarter of 2013. For the full year ended December 31, 2013, Integra's cash flows from operations totaled $53.3 million and cash invested in capital expenditures was $47.9 million.

Adjusted EBITDA for the fourth quarter of 2013 was $43.1 million, an increase from $40.7 million in the fourth quarter of the prior year. Adjusted EBITDA excluding stock-based compensation for the fourth quarter of 2013 was $45.9 million, an increase from $43.1 million in the fourth quarter of the prior year. Adjusted EBITDA for the full year 2013 was $138.9 million, a decrease of 16.5% compared to the prior year. Adjusted EBITDA excluding stock-based compensation for the full year 2013 was $149.3 million, a decrease of 14.9% compared to the prior year.

Outlook for 2014

The Company expects 2014 revenues for the full year to be between $920 million and $940 million. The Company expects its GAAP earnings per diluted share for the full year to be between $1.46 and $1.64 and adjusted earnings per diluted share to be between $3.00 and $3.18. This guidance includes the contribution expected from the DuraSeal acquisition, which was completed on January 15, 2014.

“Our plan for 2014 anticipates strong execution, both by our sales organizations and on the cost savings initiatives underway," said Jack Henneman, Chief Financial Officer. “We expect to improve both profit margins and cash flow substantially versus 2013."

Integra plans to report DuraSeal revenues in its U.S. Neurosurgery and International business segments. Further, the Company expects to provide total revenue contribution from this acquisition during 2014.

In accordance with our usual practice, expectations for financial performance do not include the impact of acquisitions or other strategic corporate transactions that have not yet closed.

In the future, the Company may record, or expects to record, certain additional revenues, gains, expenses or charges as described in the Discussion of Adjusted Financial Measures below that it will exclude in the calculation of adjusted EBITDA and adjusted earnings per share for historical periods and in providing adjusted earnings per share guidance.

Conference Call

Integra has scheduled a conference call for 8:30 AM ET today, Tuesday, February 25, 2014 to discuss financial results for the fourth quarter and forward-looking financial guidance. The conference call will be hosted by Integra's senior management team and will be open to all listeners. Additional forward-looking information may be discussed in a question and answer session following the call.

Access to the live call is available by dialing 913-312-0420 and using the passcode 5662291. The call can also be accessed through a webcast via a link provided on the Investor Relations homepage of Integra's website at investor.integralife.com. Access to the replay is available through March 15, 2014 by dialing 719-457-0820 and using the passcode 5662291. The webcast will also be archived on the website.

***

Integra LifeSciences, a world leader in medical technology, is dedicated to limiting uncertainty for surgeons, so they can concentrate on providing the best patient care. Integra offers innovative solutions in orthopedics, neurosurgery, spine, reconstructive and general surgery. For more information, please visit www.integralife.com.

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks, uncertainties and reflect the Company's judgment as of the date of this release. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, GAAP and adjusted net (loss)/income, GAAP and adjusted (loss)/earnings per diluted share, non-GAAP adjustments such as global enterprise resource planning ("ERP") system implementation charges, certain expenses associated with product recalls, acquisition-related charges, goodwill impairment charges, non-cash amortization of imputed interest for convertible debt, intangible asset amortization, and income tax expense (benefit) related to non-GAAP adjustments. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Such risks and uncertainties include, but are not limited to: the Company's ability to execute its operating plan effectively, the Company's ability to manufacture and ship sufficient quantities of its products to meet its customers' demand; the ability of third-party suppliers to supply us with raw materials and finished products; global macroeconomic conditions; continued weakness in sales outside of the U.S.; the Company's ability to manage its direct sales channels effectively; the Company's ability to maintain relationships with customers of acquired entities; physicians' willingness to adopt and third-party payors' willingness to provide reimbursement for the Company's recently launched and planned products; initiatives launched by the Company's competitors; downward pricing pressures for customers; the Company's ability to secure regulatory approval for products in development; the Company's ability to remediate quality systems violations; fluctuations in hospital spending for capital equipment; the Company's ability to comply with and obtain approvals for products of human origin and comply with recently enacted regulations regarding products containing materials derived from animal sources; difficulties in controlling expenses, including costs to procure and manufacture our products; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; the impact of goodwill and intangible asset impairment charges if future operating results of acquired businesses are significantly less than the results anticipated at the time of the acquisitions, the Company's ability to leverage its existing selling organizations and administrative infrastructure; the Company's ability to increase product sales and gross margins, and control non-product costs; the amount and timing of acquisition and integration related costs; the geographic distribution of where the Company generates its taxable income; the effect of legislation effecting healthcare reform in the United States and internationally; fluctuations in foreign currency exchange rates; the amount of our convertible notes and bank borrowings outstanding and other factors influencing liquidity; and the economic, competitive, governmental, technological and other risk factors and uncertainties identified under the heading "Risk Factors" included in Item 1A of Integra's Annual Report on Form 10-K for the year ended December 31, 2012 and information contained in subsequent filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date hereof, and the Company undertakes no obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA excluding stock-based compensation, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates on the current period's revenues and the contribution of revenues from discontinued products in both the current and prior periods' revenues. The various measures of adjusted EBITDA consist of GAAP net (loss)/income, excluding: (i) depreciation and amortization, (ii) other income (expense), net, (iii) interest income and expense, (iv) income taxes, (v) those operating expenses also excluded from adjusted net income and, as appropriate (vi) stock-based compensation expense. The measure of adjusted net income consists of GAAP net (loss)/income, excluding: (i) manufacturing facility remediation costs; (ii) global ERP implementation charges; (iii) structural optimization charges; (iv) certain employee termination charges; (v) discontinued product lines charges; (vi) acquisition-related charges; (vii) certain expenses associated with product recalls; (viii) impairment charges; (ix) intangible asset amortization expense; (x) convertible debt non-cash interest; and (xi) income tax impact from adjustments and other items. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. Because the Company reported a GAAP net loss during the full year ended December 31, 2013, the calculation of GAAP diluted weighted average shares outstanding for the full year 2013 period excludes the effects of stock options and unvested restricted stock, as the effect of these equity awards would be anti-dilutive.

Reconciliations of GAAP revenues to adjusted revenues for the quarter and year ended December 31, 2013 and GAAP net (loss)/income to adjusted EBITDA, adjusted EBITDA excluding stock-based compensation and adjusted net income, and GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share for the quarters and years ended December 31, 2013 and 2012 appear in the financial tables in this release.

Integra believes that the presentation of adjusted revenues and the various adjusted EBITDA, adjusted net income, and adjusted earnings per diluted share measures provides important supplemental information to management and investors regarding financial and business trends relating to the Company's financial condition and results of operations. For further information regarding why Integra believes that these non-GAAP financial measures provide useful information to investors, the specific manner in which management uses these measures, and some of the limitations associated with the use of these measures, please refer to the Company's Current Report on Form 8-K regarding this earnings press release filed today with the Securities and Exchange Commission. This Current Report on Form 8-K is available on the SEC's website at www.sec.gov or on our website at www.integralife.com.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
Total revenues	$ 220,769	$ 214,432	$ 836,214	$ 830,871
Costs and expenses:				
Cost of goods sold	86,648	81,930	334,085	314,427
Research and development	14,511	12,864	52,088	51,012
Selling, general and administrative	98,537	96,529	394,250	373,114
Intangible asset amortization	3,037	4,551	12,697	18,536
Goodwill impairment charge	—	—	46,738	—
Total costs and expenses	202,733	195,874	839,858	757,089
Operating income (loss)	18,036	18,558	(3,644)	73,782
Interest income	53	312	443	1,205
Interest expense	(4,707)	(1,656)	(19,788)	(22,237)
Other income (expense), net	(257)	(603)	(1,801)	(721)
Income (loss) before income taxes	13,125	16,611	(24,790)	52,029
Income tax expense (benefit)	942	3,825	(7,813)	10,825
Net income (loss)	12,183	12,786	(16,977)	41,204
Diluted net income (loss) per share	$ 0.40	$ 0.46	$ (0.60)	$ 1.44
Weighted average common shares outstanding for diluted net income (loss) per share	30,636	28,064	28,416	28,516

Segment revenues and growth in total revenues excluding the effects of currency exchange rates are as follows:

(In thousands)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2013	2012	Change	2013	2012	Change
U.S. Neurosurgery	$46,373	$45,502	1.9%	$172,250	$171,278	0.6%
U.S. Instruments	40,890	41,591	(1.7)%	159,627	162,323	(1.7)%
U.S. Extremities	36,243	31,251	16.0%	134,683	122,847	9.6%
U.S. Spine & Other	46,526	47,725	(2.5)%	179,940	190,546	(5.6)%
International *	50,737	48,363	4.9%	189,714	183,877	3.2%
Total Revenue	$220,769	$214,432	3.0%	$836,214	$830,871	0.6%
Impact of changes in currency exchange rates	$ (5)	$—		$ (238)	$—	
Total revenues excluding the effects of currency exchange rates	$220,764	$214,432	3.0%	$835,976	$830,871	0.6%
Total Revenue	$220,769	$214,432	3.0%	$836,214	$830,871	0.6%
Contribution of revenues from discontinued products**	$3,152	$4,200	(25.0)%	$13,432	$17,754	(24.3)%
Total revenues excluding the contribution of revenues from discontinued products	$217,617	$210,232	3.5%	$822,782	$813,117	1.2%

*The International segment revenues reflect sales that are actively managed by our International division. This does not constitute all recorded sales outside the U.S., as some Instrument sales and private label (included in U.S. Spine & Other) product sales in those regions are managed by their respective U.S. divisions.

** The Company has made some changes to the products included in the category of revenues identified for discontinuation. Certain Private Label revenues were previously included in this category because they had been substantially reduced or eliminated because Integra's customers found other sources during the supply disruptions earlier this year. At this time, a subset of these revenues are now expected to recover, albeit to a lower level. As a result, these have been eliminated from the revenue disclosure and revised for the historical periods accordingly. In addition, a small product line was identified for discontinuation in our International business and was added to this amount for historical periods included in this report.

Items included in GAAP net income and location where each item is recorded are as follows:

(In thousands)

Three Months Ended December 31, 2013

Item	Total Amount	COGS(a)	SG&A(b)	R&D (c)	Amort.(d)	Interest Exp(Inc)(e)	Tax(f)
Manufacturing facility remediation costs	$381	$381	$—	$—	$—	$—	$—
Certain expenses associated with product recalls	1,987	1,987	—	—	—	—	—
Global ERP implementation charges	5,549	—	5,549	—	—	—	—
Structural optimization charges	1,763	781	982	—	—	—	—
Certain employee termination charges	1,175	635	540	—	—	—	—
Acquisition-related charges	2,120	1,447	45	628	—	—	—
Impairment charges	340	—	—	340	—	—	—
Intangible asset amortization expense	4,721	1,684	—	—	3,037	—	—
Convertible debt non-cash interest	1,598	—	—	—	—	1,598	—
Estimated income tax impact from adjustments and other items	(8,031)	—	—	—	—	—	(8,031)
Depreciation expense*	7,007						
Stock-based compensation expense	2,798						

*For the period ending December 31, 2013, "Depreciation expense" excludes $(413) already included in "Structural optimization charges" above.

a) COGS - Cost of goods sold
b) SG&A - Selling, general and administrative
c) R&D - Research and development
d) Amort. - Intangible asset amortization
e) Interest Inc (Exp) - Interest income (expense), net
f) Tax - Income tax expense

Three Months Ended December 31, 2012

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	Amort. (c)	Interest Exp/(Inc) (d)	Tax (e)
Manufacturing facility remediation costs	$746	$746	$—	$—	$—	$—
Global ERP implementation charges	4,287	—	4,287	—	—	—
Structural optimization charges	2,617	838	1,779	—	—	—
Certain employee termination charges	217	156	61	—	—	—
Discontinued product lines charges	310	310	—	—	—	—
Acquisition-related charges	485	485	—	—	—	—
Intangible asset amortization expense	6,132	1,582	—	4,550	—	—
Convertible debt non-cash interest	236	—	—	—	236	—
Estimated income tax impact from adjustments and other items	(5,850)	—	—	—	—	(5,850)
Depreciation expense	7,357					
Stock-based compensation expense	2,420					

a) COGS - Cost of goods sold
b) SG&A - Selling, general and administrative
c) Amort. - Intangible asset amortization
d) Interest Inc(Exp) - Interest income (expense), net
e) Tax - Income tax expense

Items included in GAAP net income and location where each item is recorded are as follows:

(In thousands)

Twelve Months Ended December 31, 2013

Item	Total Amount	COGS(a)	SG&A(b)	R&D (c)	Amort.(d)	Goodwill (e)	Interest Exp(Inc) (f)	Tax(g)
Manufacturing facility remediation costs	$8,230	$7,948	$282	$—	$—	$—	$—	$—
Certain expenses associated with product recalls	3,431	3,266	165	—	—	—	—	—
Global ERP implementation charges	24,264	—	24,264	—	—	—	—	—
Structural optimization charges	8,793	4,105	4,688	—	—	—	—	—
Certain employee termination charges	1,205	665	540	—	—	—	—	—
Acquisition-related charges	3,113	2,169	316	628	—	—	—	—
Intangible asset amortization expense	19,390	6,693	—	—	12,697	—	—	—
Impairment charges	47,078	—	—	340	—	46,738	—	—
Convertible debt non-cash interest	6,463	—	—	—	—	—	6,463	—
Estimated income tax impact from adjustments and other items	(34,428)	—	—	—	—	—	—	(34,428)
Depreciation expense*	27,088							
Stock-based compensation expense	10,393							

*For the period ending December 31, 2013, "Depreciation expense" excludes $532 already included in "Structural optimization charges" above.

a) COGS - Cost of goods sold
b) SG&A - Selling, general and administrative
c) R&D - Research and development
d) Amort. - Intangible asset amortization
e) Goodwill - Goodwill impairment charge
f) Interest Inc (Exp) - Interest income (expense), net
g) Tax - Income tax expense

Twelve Months Ended December 31, 2012

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	Amort. (c)	Interest Exp(Inc) (d)	Tax (e)
Manufacturing facility remediation costs	$7,939	$7,939	$—	$—	$—	$—
Global ERP implementation charges	16,384	—	16,384	—	—	—
Structural optimization charges	10,098	3,720	6,378	—	—	—
Certain employee termination charges	1,356	449	907	—	—	—
Discontinued product lines charges	1,368	1,368	—	—	—	—
Acquisition-related charges	2,808	2,808	—	—	—	—
Impairment charges	141	141	—	—	—	—
Intangible asset amortization expense*	24,991	6,455	—	18,536	—	—
Convertible debt non-cash interest	8,520	—	—	—	8,520	—
Estimated income tax impact from adjustments and other items	(27,590)	—	—	—	—	(27,590)
Depreciation expense	27,479					
Stock-based compensation expense	9,051					

* This amount excludes $141 of intangible asset amortization expense included in "impairment charges" above.

a) COGS - Cost of goods sold
b) SG&A - Selling, general and administrative
c) Amort. - Intangible asset amortization
d) Interest Inc(Exp) - Interest income (expense), net
e) Tax - Income tax expense

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET (LOSS)/INCOME TO ADJUSTED EBITDA AND ADJUSTED EBITDA EXCLUDING STOCK BASED COMPENSATION
(UNAUDITED)

(In thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
GAAP net (loss)/income	$ 12,183	$ 12,786	$ (16,977)	$ 41,204
Non-GAAP adjustments:				
Depreciation and intangible asset amortization expense	11,728	13,489	46,478	52,470
Other (income) expense, net	257	603	1,801	721
Interest (income) expense, net	4,654	1,344	19,345	21,032
Income tax expense (benefit)	942	3,825	(7,813)	10,825
Manufacturing facility remediation costs	381	746	8,230	7,939
Certain expenses associated with product recalls	1,987	—	3,431	—
Global ERP implementation charges	5,549	4,287	24,264	16,384
Structural optimization charges	1,763	2,617	8,793	10,098
Certain employee termination charges	1,175	217	1,205	1,356
Discontinued product lines charges	—	310	—	1,368
Acquisition-related charges	2,120	485	3,113	2,808
Impairment charges	340	—	47,078	141
Total of non-GAAP adjustments	30,896	27,923	155,925	125,142
Adjusted EBITDA	$ 43,079	$ 40,709	$ 138,948	$ 166,346
Stock-based compensation	2,798	2,420	10,393	9,051
Adjusted EBITDA excluding stock-based compensation	$ 45,877	$ 43,129	$ 149,341	$ 175,397

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET (LOSS)/INCOME TO MEASURES OF ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
GAAP net (loss) / income	$ 12,183	$ 12,786	$ (16,977)	$ 41,204
Non-GAAP adjustments:				
Manufacturing facility remediation costs	381	746	8,230	7,939
Certain expenses associated with product recalls	1,987	—	3,431	—
Global ERP implementation charges	5,549	4,287	24,264	16,384
Structural optimization charges	1,763	2,617	8,793	10,098
Certain employee termination charges	1,175	217	1,205	1,356
Discontinued product lines charges	—	310	—	1,368
Acquisition-related charges	2,120	485	3,113	2,808
Intangible asset amortization expense	4,721	6,132	19,390	24,991
Impairment charges	340	—	47,078	141
Convertible debt non-cash interest	1,598	236	6,463	8,520
Estimated income tax impact from adjustments and other items	(8,031)	(5,850)	(34,428)	(27,590)
Total of non-GAAP adjustments	11,603	9,180	87,539	46,015
Adjusted net income	$ 23,786	$ 21,966	$ 70,562	$ 87,219
Adjusted diluted net income per share	$ 0.78	$ 0.78	$ 2.45	$ 3.06
Weighted average common shares outstanding for diluted net (loss)/income per share	30,636	28,064	28,416	28,516
Non-GAAP adjustment for dilutive effects of equity awards	—	—	386	—
Weighted average common shares outstanding for adjusted diluted net income per share	30,636	28,064	28,802	28,516

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED BALANCE SHEET DATA
(UNAUDITED)

(In thousands)

	December 31, 2013	December 31, 2012
Cash and cash equivalents	$ 120,614	$ 96,938
Accounts receivable, net	118,145	114,916
Inventory, net	213,431	171,806
Bank line of credit	186,875	321,875
Convertible securities	205,182	197,672
Stockholders' equity	670,180	517,775

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GUIDANCE

(In thousands, except per share amounts)

	Projected Year Ended December 31, 2014	
	Low	High
GAAP net income	$ 48,200	$ 54,200
Non-GAAP adjustments:		
Global ERP implementation charges	23,100	23,100
Structural optimization charges	20,700	20,700
Acquisition-related charges	7,600	7,600
Intangible asset amortization expense	22,500	22,500
Convertible debt non-cash interest	6,800	6,800
Estimated income tax impact from adjustments and other items	(30,000)	(30,000)
Total of non-GAAP adjustments	50,700	50,700
Adjusted net income	$ 98,900	$ 104,900
GAAP diluted net income per share	$ 1.46	$ 1.64
Non-GAAP adjustments detailed above (per share)	$ 1.54	$ 1.54
Adjusted diluted net income per share	$ 3.00	$ 3.18
Weighted average common shares outstanding for diluted net income per share	33,000	33,000

Items included in GAAP net income guidance and location where each item is expected to be recorded is as follows:

(In thousands)

Projected Year Ended December 31, 2014

Item	Total Amount	COGS	SG&A	Amort.	Interest Exp(Inc)	Tax
Global ERP implementation charges	23,100	—	23,100	—	—	—
Structural optimization charges	20,700	18,500	2,200	—	—	—
Acquisition-related charges	7,600	1,100	6,500	—	—	—
Intangible asset amortization expense	22,500	6,700	—	15,800	—	—
Convertible debt non-cash interest	6,800	—	—	—	6,800	—
Estimated income tax impact from adjustments and other items	(30,000)	—	—	—	—	(30,000)

Source: Integra LifeSciences Holdings Corporation