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): November 2, 2006

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 November 2, 2006, Integra LifeSciences Holdings Corporation issued a press release announcing financial results for the quarter ended September 30, 2006. 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.

The information contained in Item 2.02 of this Current Report on Form 8-K (including the press release) 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) 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 net income and adjusted earnings per diluted share. Adjusted net income consists of net income excluding equity-based compensation charges, acquisition-related charges, charges incurred in connection with the Company's exchange offer of convertible notes and the termination of the Company's interest rate swap agreement, facility consolidation, manufacturing transfer and system integration charges and certain employee termination and related costs. Adjusted earnings per diluted share is calculated by dividing adjusted net income for diluted earnings per share by adjusted diluted weighted average shares outstanding. Because all equity-based compensation expense is added back in the calculation of adjusted net income, the calculation of diluted weighted average shares outstanding is adjusted to exclude the benefits of unearned equity-based compensation costs attributable to future services and not yet recognized in the financial statements. These unearned equity-based compensation costs are treated as proceeds assumed to be used to repurchase shares, based on the average trading price of Integra common stock during the period reported, in the calculation of GAAP diluted weighted average shares outstanding.

Integra believes that the presentation of adjusted net income and adjusted earnings per diluted share provides important supplemental information to management and investors regarding non-cash expenses and 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 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 and restructuring activities, 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.

Internally, 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.

Adjusted net income reflects net income adjusted for the following items:

- EQUITY-BASED COMPENSATION. Equity-based compensation relates primarily to stock options and restricted stock issued by the Company. Although recurring in nature, equity-based compensation expense is heavily influenced by management decisions regarding equity-based awards that were granted at a time when different accounting rules applied to such awards and is a non-cash expense that varies in amount from period to period and is affected by market forces that are difficult to predict and are not within the control of management, such as the price of our common stock. Accordingly, management excludes this item from its internal operating forecasts and models and as it assesses the Company's performance. Management believes that exclusion of this item is consistent with the guidance in Staff Accounting Bulletin No. 107.

- ACQUISITION-RELATED CHARGES. Acquisition-related charges include in-process research and development charges, charges related to discontinued research and development projects for product technologies that were made redundant by an acquisition and inventory fair value purchase accounting adjustments. 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 acquisition program, these acquisition-related charges are not factored into the evaluation of our performance by management after completion of 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 acquisition transactions as well as the level of inventory on hand at the time of acquisition.

- FACILITY CONSOLIDATION, MANUFACTURING TRANSFER AND SYSTEM INTEGRATION CHARGES. These charges, which include employee termination and other costs associated with exit or disposal activities and costs associated with the worldwide implementation of a single enterprise resource planning system, result from rationalizing our existing manufacturing, distribution and administrative infrastructure. Many 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 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.

- EMPLOYEE TERMINATION AND RELATED COSTS. Employee termination and related costs consist of charges related to significant reductions in force that are not initiated in connection with facility consolidations or manufacturing transfers. Management excludes these items when evaluating Integra's operating performance because these amounts do not affect our core operations and because of the infrequent and large-scale nature of these activities.

- CONVERTIBLE NOTE EXCHANGE OFFER CHARGES / SWAP TERMINATION CHARGES. The convertible note exchange offer charges consist of fees paid in connection with the exchange offer and the write-off of the unamortized debt issuance costs associated with the old contingent convertible notes that were exchanged. The interest rate swap termination charges result from the write-off of the unamortized mark-to-market fair value adjustment recorded under hedge accounting against the contingent convertible notes.

The Company discontinued hedge accounting following termination of the interest rate swap. Management excludes these items when evaluating Integra's operating performance because these amounts do not affect our core operations and because of the infrequent and large-scale nature of these activities.

o INCOME TAX EXPENSE (BENEFIT). Income tax expense is adjusted by the amount of additional tax expense or benefit 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. Such additional tax expense or benefit is calculated at the statutory rate applicable to jurisdictions in which such non-GAAP adjustments relate.

The calculation of adjusted earnings per diluted share is further adjusted for the following item:

o As noted above, in calculating adjusted net income, one of the Company's adjustments is to add back all equity-based compensation expense determined in accordance with FASB 123R to be more comparable to prior years. In order to make the 2006 presentation more comparable to prior years, the calculation of weighted average shares outstanding on a diluted basis had to be conformed as well. In calculating diluted earnings per share, the dilutive effect of restricted stock and stock options on the denominator is determined through application of the treasury stock method, and unearned equity-based compensation is one factor that is used to calculate assumed share repurchases under the treasury stock method. Because the unrecognized equity-based compensation expense under FAS 123R is higher than if no equity-based compensation charges are assumed (which is how we calculate adjusted net income), the number of shares that are included in the denominator of diluted earnings per share when applying FAS 123R is less than the number of shares that are included in our method of reporting adjusted earnings per diluted share (i.e. in order to be consistent, since all equity-based compensation expense was added back in the calculation of adjusted net income, the weighted average shares used to calculate adjusted earnings per diluted share were also adjusted so that no unearned equity-based compensation is considered in the treasury stock method). As a result, our calculation of adjusted earnings per diluted share is based on a different number of shares than GAAP earnings per share.

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 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 Integra's results as reported under GAAP. Integra expects to continue to incur expenses of a nature similar to the non-GAAP adjustments described above, and exclusion of these items from its adjusted net income should not be construed as an inference that all of these costs are unusual, infrequent or non-recurring. Some of the limitations in relying on adjusted net income and adjusted earnings per diluted share are:

o Adjusted net income does not include equity-based compensation expense related to equity awards granted to our workforce or third parties. Our equity incentive plans are important components of our employee incentive compensation arrangements and are reflected as expenses in our GAAP results in accordance with Statement of Financial Accounting Standards No. 123R, Share-Based Payment, commencing with the first quarter of 2006. While we include the dilutive impact of such equity awards in weighted average shares outstanding, the expense associated with equity-based awards is excluded from adjusted net income.

o Integra 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.

o Although the charges related to the restructuring of our operations and changes to our capital structure occur on a sporadic basis and the charges relating to the convertible note exchange offer and the interest rate swap termination did not previously occur, they may recur in the future and they are, in many cases, cash charges that reduce our available cash. There is no assurance that we will not incur other similar charges and expenditures in the future.

o All of the adjustments have been tax effected at Integra'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 income.

In the financial statements portion of its earnings press release for the third quarter of 2006, which is attached hereto as Exhibit 99.1, the Company has included a reconciliation of GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for the three months ended September 30, 2006 and 2005. Also included are reconciliations for future periods.

ITEM 9.01. FINANCIAL STATEMENTS AND EXHIBITS.

(d) Exhibits.

Exhibit Number	Description of Exhibit
99.1	Press release issued November 2, 2006 regarding earnings for the quarter ended September 30, 2006

SIGNATURES

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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION

DATE: NOVEMBER 2, 2006

BY: /s/ STUART M. ESSIG

STUART M. ESSIG

PRESIDENT AND CHIEF EXECUTIVE OFFICER

EXHIBIT INDEX

Exhibit Number	Description of Exhibit
99.1	Press release issued November 2, 2006 regarding earnings for the quarter ended September 30, 2006

Exhibit 99.1

NEWS RELEASE

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INTEGRA LIFESCIENCES REPORTS THIRD QUARTER 2006 FINANCIAL RESULTS

REVENUES FOR QUARTER EXCEED $116 MILLION

Plainsboro, New Jersey, November 2, 2006 - Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its third quarter financial results. Total revenues in the third quarter of 2006 were $116.6 million, reflecting an increase of $47.3 million, or 68%, over the third quarter of 2005. Revenues from products acquired in 2006 totaled $35.7 million for the quarter.

We reported net income of $2.6 million, or $0.09 per diluted share, for the third quarter of 2006, compared to net income of $10.5 million, or $0.33 per diluted share in the third quarter of 2005. Reported earnings for the third quarter of 2006 include $3.8 million of share-based compensation expense related to the implementation of SFAS 123R Share-Based Payment in January 2006. Reported earnings for the third quarter of 2005 do not reflect the impact of share-based compensation expense.

In addition to GAAP results, Integra reports adjusted net income and adjusted diluted earnings per share. A further discussion of these non-GAAP financial measures can be found below, and reconciliations of GAAP net income to adjusted net income and GAAP diluted earnings per share to adjusted diluted earnings per share for the three months ended September 30, 2006 and 2005 appear in the financial statements attached to this release.

Adjusted net income for the third quarter of 2006, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was $13.7 million, or $0.43 per diluted share. In the third quarter of 2005 adjusted net income was $11.5 million, or $0.36 per diluted share.

"We achieved record revenues in the third quarter," said Stuart M. Essig, Integra's President and Chief Executive Officer. "During the quarter, we acquired Kinetikos Medical (KMI) and launched a direct sales force in Canada through the acquisition of our longstanding Canadian distributor. We have integrated Radionics and Miltex and are now integrating KMI into our Reconstructive Surgery sales channel."

We present our revenues in two categories: a) Neurosurgical and Orthopedic Implants and b) Medical Surgical Equipment.

Our revenues for the period were as follows:

	Three Months Ended September 30, 2006	2005	% Increase/ (Decrease)
	($ in thousands)		
Revenue:			
Neuro/Ortho Implants	$43,136	$33,516	29%
MedSurg Equipment	73,511	35,818	105%
Total Revenue	$116,647	$69,334	68%

In the Neuro/Ortho Implants category, sales of our reconstructive surgery implant products continued to grow strongly. Rapid growth in nerve and dermal repair products and sales of products for the hand, foot and ankle accounted for much of the increase in implant product revenues. INTEGRA(TM) dermal repair product revenues increased 32% over the third quarter of 2005, nerve repair product revenues increased by 44%, and our hand, foot and ankle products more than doubled. Revenues from bone graft and collagen dental products increased by 57% over the third quarter of 2005. KMI products contributed $1.9 million of sales to the quarter.

In the MedSurg Equipment category, acquired products, surgical instruments, and monitoring products provided most of the year-over-year growth in product revenues for the third quarter. Radionics, Miltex and non-Integra distributed products sold through our former Canadian distributor (all acquired in 2006) contributed $33.8 million of sales to the quarter.

Gross margin on total revenues in the third quarter of 2006 was 59%. In cost of product revenues, we recognized $1.4 million in inventory fair value purchase accounting adjustments from recent acquisitions. These charges reduced our gross margin by approximately 1%.

Research and development expense increased $7.9 million in the third quarter of 2006 to $11.0 million. In the third quarter of 2006, we recorded an in-process research and development charge of $5.6 million related to the KMI acquisition and a $0.5 million charge related to an upfront payment pursuant to a new product development alliance.

Selling, general and administrative expense increased by $20.8 million to $43.4 million in the third quarter of 2006, or 37% of revenue, as compared to 33% in the third quarter of 2005. Included in this increase was $3.5 million of share-based compensation expense attributable to the impact of adopting FAS 123R.

Operating income for the third quarter of 2006 was $11.8 million.

We reported net interest expense of $4.0 million in the third quarter of 2006, which includes $1.4 million of interest expense under our revolving line of credit.

In September 2006, Integra completed an exchange of $115.2 million (out of a total of $120.0 million) of its old contingent convertible notes for the equivalent amount of new notes with a "net share settlement" feature and takeover protection. In connection with the exchange offer, Integra recorded a $1.8 million charge in the third quarter of 2006 related to $0.6 million of fees paid in connection with the exchange and a $1.2 million write-off of the unamortized debt issuance costs associated with the old contingent convertible notes that were exchanged. We reported $1.5 million of this charge in net interest expense.

In October 2006, Integra issued an additional $4.3 million of new notes in exchange for an equal amount of old notes.

We reported $1.8 million of other expense in the third quarter of 2006. In September 2006, Integra terminated its $50.0 million notional amount interest rate swap, which was used to hedge the risk of changes in fair value attributable to interest rate risk with respect to a portion of Integra's old contingent convertible notes. The interest rate swap qualified as a fair value hedge under Statement of Financial Accounting Standard No. 133, as amended, "Accounting for Derivative Instruments and Hedging Activities." In connection with the termination of the interest rate swap, Integra discontinued hedge accounting and recorded a $1.4 million charge to other expense in the third quarter of 2006 to write-off the unamortized mark-to-market fair value adjustment recorded against the contingent convertible notes.

Our effective income tax rate was 57% for the third quarter of 2006, or a 37% effective rate for the year-to-date period. In the first half of 2006, we recorded income tax expense at an expected full year effective rate of 31%. The increase in the expected year-to-date effective rate was primarily driven by the nondeductible nature of the $5.6 million in-process research and development charge recorded in connection with the KMI acquisition in the third quarter of 2006. We expect an effective income tax rate for 2007 of approximately 31%.

We generated $24.2 million in cash flow from operations in the third quarter of 2006. We repurchased 456,750 shares of our common stock in the quarter at an average price of $36.46 per share for an aggregate purchase price of approximately $16.7 million. On October 30, 2006 our Board of Directors authorized us to repurchase up to an additional $75 million of our common stock through December 31, 2007.

At September 30, 2006, our cash totaled $24.2 million and we had outstanding borrowings of $87.0 million under our credit facility.

We are updating our guidance for total revenues for the full years 2006 and 2007. We are also updating our expectations for earnings per share and providing guidance for the fourth quarter of 2006. In accordance with our usual practice, our expectations for 2006 and 2007 financial performance do not include the impact of acquisitions or other strategic corporate transactions that have not yet closed.

For the fourth quarter of 2006, we expect total revenues to be in the range of $116 million to $121 million and earnings per diluted share in the range of $0.37 to $0.43. Accordingly, we expect total revenues in 2006 to be between $410 million and $415 million and earnings per diluted share to be between $1.00 and $1.05. We expect adjusted earnings per diluted share, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, to be in the range of $0.47 and $0.52 for the fourth quarter of 2006 and $1.68 and $1.73 for the full year 2006.

For 2007, we expect total revenues to be between $500 million and $520 million and earnings per diluted share to be between $1.76 and $1.85. We expect adjusted earnings per diluted share, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, to be in the range of $2.08 and $2.17.

Integra has incurred significant costs in 2006 in connection with restructuring and integration activities, including inventory purchase accounting charges, in-process research and development charges, and discontinued research and development projects related to the acquisitions we have closed this year, and charges related to the contingent convertible notes exchange offer and the termination of our interest rate swap. We currently expect these charges to total approximately $16.2 million in 2006, of which $15.6 million have already been incurred through the end of the third quarter.

We have scheduled a conference call for 9:00 am EST today, November 2, 2006, to discuss the financial results for the third quarter of 2006 and forward-looking financial guidance. The call is open to all listeners and will be followed by a question and answer session. Access to the live call is available by dialing (913) 981-5560 or through a listen-only webcast via a link provided on the home page of Integra's website at www.Integra-LS.com. A replay of the conference call will be accessible starting one hour following the live event. Access to the replay is available through November 16, 2006 by dialing (719) 457-0820 (access code 5413428) or through the webcast accessible on our home page.

Integra LifeSciences Holdings Corporation is a diversified medical technology company. We develop, manufacture, and market medical devices for use in a variety of applications. The primary applications for our products are neurosurgery, reconstructive surgery and general surgery. Integra is a leader in applying the principles of biotechnology to medical devices that improve patients' quality of life. Our corporate headquarters are in Plainsboro, New Jersey. We have research, manufacturing and distribution facilities throughout the world. Please visit our website at (http://www.Integra-LS.com).

This news release contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, statements concerning future financial performance, including projections for revenues, GAAP and adjusted earnings per diluted share, and costs to be incurred in connection with restructuring and integration activities. Such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from predicted or expected results. Among other things, our ability to maintain relationships with customers of acquired entities, physicians' willingness to adopt our recently launched and planned products, third-party payors' willingness to provide reimbursement for these products and our ability to secure regulatory approval for products in development may adversely affect our future product revenues; our ability to integrate acquired businesses, increase product sales and gross margins, and control non-product costs may affect our GAAP and adjusted earnings per share; and the ultimate scope of our restructuring and integration activities and our ability to complete these activities may affect the total costs to be incurred in connection with these activities. In addition, the economic, competitive, governmental, technological and other factors identified under the heading "Factors That May Affect Our Future Performance" included in the Business section of Integra's Annual Report on Form 10-K for the year ended December 31, 2005 and information contained in subsequent filings with the Securities and Exchange Commission could affect actual results.

Discussion of Adjusted Financial Measures

Adjusted net income consists of net income excluding equity-based compensation charges, acquisition-related charges, charges incurred in connection with the exchange offer of convertible notes and the termination of the interest rate swap agreement, facility consolidation, manufacturing transfer and system integration charges, and certain employee termination and related costs. Adjusted earnings per diluted share are calculated by dividing adjusted net income for diluted earnings per share by adjusted diluted weighted average shares outstanding. Because all equity-based compensation expense is added back in the calculation of adjusted net income, the calculation of diluted weighted average shares outstanding is adjusted to exclude the benefits of unearned equity-based compensation costs attributable to future services and not yet recognized in the financial statements. These unearned equity-based compensation costs are treated as proceeds assumed to be used to repurchase shares, based on the average trading price of Integra common stock during the period reported, in the calculation of GAAP diluted weighted average shares outstanding.

Integra believes that the presentation of adjusted net income and adjusted earnings per diluted share provides important supplemental information to management and investors regarding non-cash expenses and 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. The section of the Company's report is available on the SEC's website at www.sec.gov or on our website at www.Integra-LS.com.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
TOTAL REVENUE	$ 116,647	$ 69,334
COSTS AND EXPENSES		
Cost of product revenues	47,559	26,394
Research and development	10,991	3,110
Selling, general and administrative	43,431	22,653
Intangible asset amortization	2,852	1,085
Total costs and expenses	104,833	53,242
Operating income	11,814	16,092
Interest income	375	952
Interest expense	(4,362)	(1,345)
Other income (expense), net	(1,765)	(4)
Income before income taxes	6,062	15,695
Income tax expense	3,468	5,213
Net income	$ 2,594	$ 10,482
Add back of after tax interest expense	--	800
Net income for diluted earnings per share	$ 2,594	$ 11,281
Diluted net income per share	$ 0.09	$ 0.33
Weighted average common shares outstanding for diluted net income per share	29,863	34,297

Listed below are the items included in net income that management excludes in computing the adjusted financial measures referred to in the text of this press release and further described under Discussion of Adjusted Financial Measures.

	Three Months Ended September 30,	
	2006	2005
Equity-based compensation	$ 3,809	$ --
Acquisition-related charges	6,999	500
Facility consolidation, manufacturing transfer and system integration charges	--	365
Employee termination and related costs	--	794
Charges associated with convertible debt exchange offer	1,792	
Charges associated with termination of interest rate swap	1,425	
Income tax expense (benefit) related to above adjustments	(2,969)	(623)

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - HISTORICAL
(UNAUDITED)

(In thousands, except per share amounts)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005
GAAP net income	$ 2,594	$ 10,481
Non-GAAP adjustments:		
Equity-based compensation	3,809	--
Acquisition-related charges	6,999	500
Facility consolidation, manufacturing transfer and system integration charges	--	365
Employee termination and related costs	--	794
Charges associated with convertible debt exchange offer	1,792	--
Charges associated with termination of interest rate swap	1,425	--
Income tax expense (benefit) related to above adjustments	(2,969)	(623)
Total of non-GAAP adjustments	11,056	1,036
Adjusted net income	$ 13,650	$ 11,517
Add back of after tax interest expense (1)	755	800
Adjusted net income for diluted earnings per share	$ 14,405	$ 12,317
Weighted average common shares outstanding for diluted net income per share	29,863	34,297
Shares issuable upon conversion of convertible notes (1)	3,381	--
Non-GAAP adjustment	106	--
Adjusted weighted average common shares outstanding for adjusted diluted net income per share	33,350	34,297
GAAP diluted net income per share	$ 0.09	$ 0.33
Non-GAAP adjustments detailed above (per share)	$ 0.34	$ 0.03
Adjusted diluted net income per share	$ 0.43	$ 0.36

(1) The "as if converted" method related to the convertible notes is applied in the calculation of adjusted diluted net income per share for the three months ended September 30, 2006 because its effects are more dilutive.

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

(In thousands, except per share amounts)

	Projected Three Months Ended December 31, 2006		Projected Year Ended December 31, 2006	
	Low	High	Low	High
GAAP net income	$ 11,150	$ 12,800	$ 30,426	$ 32,076
Add back of after tax interest expense	--	--	2,252	2,252
GAAP net income for diluted earnings per share	11,150	12,800	32,678	34,328
Non-GAAP adjustments:				
Equity-based compensation	3,600	3,600	13,882	13,882
Acquisition-related charges	600	600	11,790	11,790
Facility consolidation, manufacturing transfer and system integration charges	--	--	717	717
Employee termination and related costs	--	--	421	421
Charges associated with convertible debt exchange offer	--	--	1,879	1,879
Charges associated with termination of interest rate swap	--	--	1,425	1,425
Income tax expense (benefit) related to above adjustments	(1,325)	(1,325)	(7,814)	(7,814)
Total of non-GAAP adjustments	2,875	2,875	22,300	22,300
Adjusted net income	$ 14,025	$ 15,675	$ 54,978	$ 56,628
Weighted average common shares outstanding for diluted net income per share	29,875	29,875	32,688	32,688
Non-GAAP adjustment (1)	106	106	126	126
Adjusted weighted average common shares outstanding for adjusted diluted net income per share	29,981	29,981	32,814	32,814
GAAP diluted net income per share	$ 0.37	$ 0.43	$ 1.00	$ 1.05
Non-GAAP adjustments detailed above (per share)	0.10	0.09	0.68	0.68
Adjusted diluted net income per share	$ 0.47	$ 0.52	$ 1.68	$ 1.73

(1) For ease of computation, the Company has assumed that the same adjustment that applied for the three months ended September 30, 2006 (106 shares) is the applicable adjustment for the projected three months ended December 31, 2006 and the year ended December 31, 2007.

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

(In thousands, except per share amounts)

	Projected Year Ended December 31, 2007	
	Low	High
GAAP net income	$ 52,000	$ 54,500
Add back of after tax interest expense	--	--
GAAP net income for diluted earnings per share	52,000	54,500
Non-GAAP adjustments:		
Equity-based compensation	14,000	14,000
Income tax expense (benefit) related to above adjustments	(4,300)	(4,300)
Total of non-GAAP adjustments	9,700	9,700
Adjusted net income	$ 61,700	64,200
Weighted average common shares outstanding for diluted net income per share	29,500	29,500
Non-GAAP adjustment (1)	106	106
Adjusted weighted average common shares outstanding for adjusted diluted net income per share	29,606	29,606
GAAP diluted net income per share	$ 1.76	1.85
Non-GAAP adjustments detailed above (per share)	0.32	0.32
Adjusted diluted net income per share	$ 2.08	$ 2.17

(1) For ease of computation, the Company has assumed that the same adjustment that applied for the three months ended September 30, 2006 (106 shares) is the applicable adjustment for the projected three months ended December 31, 2006 and the year ended December 31, 2007.

Condensed Balance Sheet Data:

	September 30, 2006	December 31, 2005
Cash and marketable securities, including non-current portion	$ 24,322	$143,384
Accounts receivable, net	76,715	49,007
Inventory, net	93,773	67,476
Total current assets	219,115	265,952
Total assets	593,667	448,432
Bank line of credit	87,000	--
Demand notes (1)	115,205	--
Total current liabilities	255,456	31,287
Long term debt (1)	4,889	118,378
Total liabilities	288,186	158,614
Stockholders' equity	305,481	289,818

(1) The closing price of Integra's common stock on the issuance date of the new convertible notes was higher than the market price trigger of the new notes. Therefore, the new notes are considered demand debt and are classified as current liabilities on the balance sheet since the holders have the option to call this debt at any time.

SOURCE: INTEGRA LIFESCIENCES HOLDINGS CORPORATION