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**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): March 2, 2009**

**INTEGRA LIFESCIENCES HOLDINGS CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other Jurisdiction of  
Incorporation)

**0-26224**

(Commission File Number)

**51-0317849**

(IRS Employer Identification No.)

**311 Enterprise Drive  
Plainsboro, NJ**

(Address of Principal Executive Offices)

**08536**

(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))
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## ITEM 2.02 RESULTS OF OPERATIONS AND FINANCIAL CONDITION

On March 2, 2009, Integra LifeSciences Holdings Corporation (the “Company”) issued a press release announcing financial results for the quarter and year ended December 31, 2008 (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 reported revenues to adjusted revenues for the quarter and year ended December 31, 2008, and GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for the quarters and years ended December 31, 2008 and 2007.

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 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 net income and adjusted earnings per diluted share. Adjusted revenues consists of growth in total revenues excluding the effects of changes in currency exchange rates in the current quarter as compared to the prior year quarter. Adjusted net income consists of net income, excluding (i) acquisition-related charges, (ii) facility consolidation, manufacturing and distribution transfer and system integration charges, (iii) certain employee termination and related costs, (iv) charges associated with discontinued or withdrawn product lines, (v) charges related to restructuring our European subsidiaries, (vi) charges related to litigation matters or disputes, (vii) intangible asset impairment charges, (viii) incremental professional and bank fees related to the delayed closing of financial statements, (ix) charges recorded in connection with terminating defined benefit pension plans, (x) charges relating to the grant of restricted stock units in connection with the extension of the term of the CEO’s employment agreement, (xi) non-cash interest expense related to the application of Financial Accounting Standards Board Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion (“FSP APB 14-1”), (xii) the income tax expense/benefit related to these adjustments, (xiii) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items and (xiv) income tax expenses or gains related to restructuring our European subsidiaries. Adjusted earnings per diluted share are calculated by dividing adjusted net income for earnings per diluted share by adjusted diluted weighted average shares outstanding.

The Company believes that the presentation of adjusted revenues, adjusted net income and adjusted earnings per diluted share 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 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 represent significant non-cash expenses resulting from changes in accounting principles, or for which the amounts are not expected to recur at the same magnitude as we further build out our finance department and 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 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;
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- 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 growth in total revenues for the quarter and year ended December 31, 2008 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 growth 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, Canadian dollars, Japanese yen and Australian 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, for which we have no control over.

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

- 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, inventory fair value purchase accounting adjustments, and impairments to existing intangible assets in connection with a subsequent acquisition. 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 and distribution transfer, and system integration charges. These charges, which include employee termination and other costs associated with exit or disposal activities, costs related to transferring manufacturing and/or distribution activities to different locations, and costs associated with the worldwide implementation of a single enterprise resource planning system, result from rationalizing and enhancing 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 and senior management level terminations. 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.
  - Charges associated with discontinued or withdrawn product lines. This represents charges taken and reductions in revenue recorded in connection with product lines that the Company discontinues or withdraws. Management excludes this item when evaluating the Company’s operating performance because of the infrequent nature of this activity or because many such product discontinuations are related to recent acquisitions.
  - Charges related to restructuring our European subsidiaries. These amounts represent charges recorded in operating or non-operating expenses such as levies and fees paid to government authorities, and legal, tax, accounting and consulting fees incurred directly as a result of reorganizing our European subsidiaries and transfers of business assets between these legal entities. Management excludes this item when evaluating the Company’s operating performance because of the infrequent nature of this activity.
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- Charges related to litigation matters or disputes. These charges include estimated losses or actual settlements and judgments against the Company related to litigation, disputes or other similar matters. Management excludes these items when evaluating Integra's operating performance because of the infrequent nature of these matters.
  - Intangible asset impairment charges. This represents impairment charges recorded against various intangible assets, including completed or core technology, customer relationships, and tradenames. 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.
  - Incremental professional and bank fees related to the delayed closing of financial statements. These charges include incremental fees directly related to the late completion of the audit and filing of our Annual Report on Form 10-K for the year ended 2007, including audit fee overruns from our independent registered accounting firm, fees for legal advice and consultations with our external counsel, and fees paid to various banks in connection with obtaining waivers to certain non-financial debt covenants. Management excludes these items when evaluating the Company's operating performance because such incremental amounts are not expected to be incurred again.
  - Charges recorded in connection with terminating defined benefit pension plans. This charge represents the expense relating to the termination of defined benefit pension plans of our subsidiaries. Management excludes this item when evaluating the Company's operating performance because of the infrequent and/or large scale nature of this item.
  - Charge relating to the grant of restricted stock units in connection with the extension of the term of the CEO's employment agreement. This charge was recognized in the third quarter of 2008 upon the grant of restricted stock units that were vested at the time of the grant on August 6, 2008. Management excludes this item when evaluating the Company's operating performance because of the infrequent and non-cash nature of this item.
  - Non-cash interest expense related to the application of FSP APB 14-1. FSP APB 14-1, which the Company adopted on January 1, 2009, 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 this activity and because it resulted from a change in accounting principles that were not applicable at the time such convertible notes were issued.
  - Income tax expense (benefit) related to the above adjustments. 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, based on the statutory rate applicable to jurisdictions in which the above non-GAAP adjustments relate.
  - Quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items. Income tax expense in the current quarter is adjusted by the cumulative impacts in that quarter of changes in income tax rates (statutory and estimated effective tax rates) and certain other infrequently occurring items (such as penalties, interest, and settlements with government tax authorities) that relate to prior periods. Management excludes this item 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 amounts are not adjusted by this item, as the cumulative impacts are properly reflected in the year-to-date adjusted results.
  - Income tax expenses or gains related to restructuring our European subsidiaries. Income tax expense is adjusted by incremental tax provisions or benefits recorded directly as a result of reorganizing our European subsidiaries and transfers of business assets between these legal entities. Management excludes this item when evaluating the Company's operating performance because of the infrequent nature of this activity.
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Adjusted revenues, 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 some of the non-GAAP adjustments described above, and exclusion of these items from its adjusted revenues and adjusted net income 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 adjusted revenues, adjusted net income and adjusted earnings per diluted share 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 expenses related to transaction costs for deals which may be significant and reduce GAAP net income.
- All of the adjustments to 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 statements 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, 2008, and GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share used by management for the quarters and years ended December 31, 2008 and 2007. 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 March 2, 2009 by the Company.

#### **ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

##### **(d) Exhibits**

99.1 Press release with attachments, dated March 2, 2009, issued by Integra LifeSciences Holdings Corporation

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## 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: March 2, 2009

By: /s/ John B. Henneman, III

John B. Henneman, III

Title: Executive Vice President,  
Finance and Administration,  
and Chief Financial Officer

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**EXHIBIT INDEX**

**Exhibit No.**

**Description**

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99.1

Press Release, dated March 2, 2009, issued by Integra LifeSciences Holdings Corporation.

**News Release****Contacts:****Integra LifeSciences Holdings Corporation**

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and Chief Financial Officer  
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***Integra LifeSciences Reports 2008 Financial Results******Revenues for the Full Year 2008 Increase 19% to \$655 million***

Plainsboro, New Jersey, March 2, 2009 — Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the fourth quarter and full year ending December 31, 2008. Total revenues in the fourth quarter of 2008 were \$174.4 million, reflecting an increase of \$16.7 million, or 11%, over the fourth quarter of 2007. Total revenues in the full year of 2008 were \$654.6 million, reflecting an increase of \$104.1 million, or 19%, over the full year of 2007. Excluding the impact of currency exchange rates, revenues increased 13% and 18%, respectively, for the quarter and year ended December 31, 2008. We have broken out our revenues by product category in a table at the end of this press release.

“Despite a challenging economic environment, Integra posted strong results for the full year 2008,” said Integra’s President and Chief Executive Officer, Stuart Essig. “We are pleased with the strength of our business under the circumstances, in particular our operating cash flow.”

The Company reported GAAP net income of \$24.8 million, or \$0.85 per diluted share, for the fourth quarter of 2008, compared to GAAP net income of \$5.4 million, or \$0.19 per diluted share, for the fourth quarter of 2007.

In the fourth quarter of 2008, the Company reported a \$10.0 million deferred income tax benefit related to the restructuring of a German subsidiary.

In addition to GAAP results, Integra reports adjusted net income and adjusted earnings per diluted share. A further discussion of these and other non-GAAP financial measures can be found below, and reconciliations of GAAP net income to adjusted net income and GAAP earnings per diluted share to adjusted earnings per diluted share for the quarters and full years ended December 31, 2008 and 2007 appear in the financial statements attached to this release.

Adjusted net income for the fourth quarter of 2008, computed to exclude the \$10.0 million deferred income tax benefit and with the other adjustments to GAAP reporting set forth in the attached reconciliation, was \$15.5 million, or \$0.53 per diluted share. Adjusted net income for the fourth quarter of 2007, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$15.6 million, or \$0.54 per diluted share.

Integra generated \$27.1 million in operating cash flows in the fourth quarter and \$72.6 million for the full year 2008, a 54% increase over full year 2007.



The Company reported GAAP net income of \$34.9 million, or \$1.22 per diluted share, for the full year 2008, compared to GAAP net income of \$33.5 million, or \$1.13 per diluted share in 2007. Adjusted net income for the full year 2008, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$60.0 million, or \$2.09 per diluted share. Adjusted net income for the full year 2007, computed with the adjustments to GAAP reporting set forth in the attached reconciliation, was \$47.1 million, or \$1.59 per diluted share.

The Company is reiterating its revenue and earnings per share guidance for the full year 2009. The Company is anticipating revenues between \$720 million and \$740 million and expects earnings per share to be between \$1.86 and \$2.06 on a GAAP basis and between \$2.20 and \$2.40 on an adjusted basis. We expect revenues in the first quarter of 2009 to be 3-5% lower than the fourth quarter of 2008, and earnings to be disproportionately lower, and that the fourth quarter of 2009 will be the strongest quarter of the year. 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.

Our 2009 GAAP earnings per share guidance includes the impact of the application of Financial Accounting Standards Board Staff Position No. APB 14-1, Accounting for Convertible Debt Instruments that May be Settled in Cash Upon Conversion ("FSP APB 14-1"), which we implemented on January 1, 2009. FSP APB 14-1 requires that we separately account for the liability and equity components of our 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.

In the future the Company may record, or expects to record, certain additional revenues, gains, expenses or charges (such as acquisition-related charges, facility consolidation, manufacturing and distribution transfer, and system integration charges, and non-cash interest expense related to the application of FSP APB 14-1) that it will exclude in the calculation of adjusted earnings per share for historical periods and in providing adjusted earnings per share guidance.

On a quarterly basis, the Company expects to incur approximately \$3.8 million, or \$0.08 to \$0.09 per share, of share-based compensation expense associated with FAS 123R in 2009. This non-cash compensation expense is reflected in both the GAAP and adjusted earnings per share guidance for 2009 provided above.

Integra has scheduled a conference call for 9:00 AM ET on Monday, March 2, 2009 to discuss financial results for the fourth quarter and full year of 2008 and forward-looking financial guidance. The conference call will be hosted by Stuart Essig, President and Chief Executive Officer of Integra, 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 719-325-4798 or through a webcast via a link provided on the Investor Relations homepage of Integra's website at [www.Integra-LS.com](http://www.Integra-LS.com). Access to a replay is available through March 16, 2009 by dialing 719-457-0820 (PIN 1460424) or through the webcast.

Integra LifeSciences Holdings Corporation, a world leader in regenerative medicine, is dedicated to improving the quality of life for patients through the development, manufacturing and marketing of clinically relevant, innovative and cost-effective surgical implants and medical instruments. The Company's products are used to treat millions of patients every year, primarily in neurosurgery, orthopedics and general surgery. Integra's headquarters are in Plainsboro, New Jersey, and it has research and manufacturing facilities throughout the world. <http://www.Integra-LS.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 income, GAAP and adjusted earnings per diluted share, acquisition and integration related costs and non-cash compensation expense associated with FAS 123R. 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 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; the Company's ability to secure regulatory approval for products in development; 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 of legal compliance matters or internal controls review, improvement and remediation; the impact of changes in management or staff levels; the Company's ability to integrate acquired businesses; 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 timing and amount of share-based awards granted to employees; fluctuations in foreign currency exchange rates; 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, 2007 and information contained in subsequent filings with the Securities and Exchange Commission.

#### Discussion of Adjusted Financial Measures

In addition to our GAAP results, we provide adjusted revenues, adjusted net income and adjusted earnings per diluted share. Adjusted revenues consist of growth in total revenues excluding the effects of currency exchange rates. Adjusted net income consists of net income, excluding (i) acquisition-related charges, (ii) facility consolidation, manufacturing and distribution transfer and system integration charges, (iii) certain employee termination and related costs, (iv) charges associated with discontinued or withdrawn product lines, (v) charges related to restructuring our European subsidiaries, (vi) charges related to litigation matters or disputes, (vii) intangible asset impairment charges, (viii) incremental professional and bank fees related to the delayed closing of financial statements, (ix) charges recorded in connection with terminating defined benefit pension plans, (x) charges relating to the grant of restricted stock units in connection with the extension of the term of the CEO's employment agreement, (xi) non-cash interest expense related to the application of FSP APB 14-1, (xii) the income tax expense/benefit related to these adjustments, (xiii) quarterly adjustments to income tax expense/benefit related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items, and (xiv) income tax expenses or gains related to restructuring our European subsidiaries. Adjusted earnings per diluted share are calculated by dividing adjusted net income for earnings per diluted share by adjusted diluted weighted average shares outstanding.

Integra believes that the presentation of adjusted revenues, adjusted net income and adjusted earnings per diluted share 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](http://www.sec.gov) or on our website at [www.Integra-LS.com](http://www.Integra-LS.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,	
	2008	2007	2008	2007
<b>TOTAL REVENUES</b>	\$ 174,370	\$ 157,645	\$ 654,604	\$ 550,459
<b>COSTS AND EXPENSES</b>				
Cost of product revenues	68,138	62,426	252,826	214,674
Research and development	10,186	11,813	60,495	30,658
Selling, general and administrative	67,373	64,861	280,997	225,187
Intangible asset amortization	3,705	2,991	12,875	12,652
<b>Total costs and expenses</b>	<b>149,402</b>	<b>142,091</b>	<b>607,193</b>	<b>483,171</b>
Operating income	24,968	15,554	47,411	67,288
Interest income	584	1,174	2,114	3,552
Interest expense	(4,889)	(3,853)	(17,614)	(13,749)
Other income (expense), net	(1,552)	3,200	(905)	2,971
Income before income taxes	19,111	16,075	31,006	60,062
Income tax expense (benefit)	(5,734)	10,692	(3,927)	26,591
Net income	24,845	5,383	34,933	33,471
Diluted net income per share	\$ 0.85	\$ 0.19	\$ 1.22	\$ 1.13
Weighted average common shares outstanding for diluted net income per share	29,142	28,842	28,703	29,578

Listed below are the items included in revenues and 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.

(In thousands, except per share amounts)

A. Growth in total revenues excluding the effects of currency exchange rates

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2008	2007	Change	2008	2007	Change
Integra NeuroSciences	\$ 64,317	\$ 65,427	(2%)	\$256,869	\$242,631	6%
Integra Orthopedics	\$ 62,828	\$ 45,033	40%	\$217,953	\$143,917	51%
Integra Medical Instruments*	\$ 47,225	\$ 47,185	0%	\$179,782	\$163,911	10%
Net Sales	\$ 174,370	\$157,645	11%	\$654,604	\$550,459	19%
FX impact	\$ 3,540	—		\$ (5,586)	—	
Growth in total revenues excluding the effects of currency exchange rates	\$ 177,910	\$157,644	13%	\$649,018	\$550,459	18%

\* During 2008, we eliminated certain distributed product lines from the LXU Medical business. In the fourth quarter, this reduced our revenues by \$3.2 million. Since we acquired the LXU Medical business in May 2007, we have eliminated distributed product lines representing 54% of the acquired revenue base.

B. Items included in GAAP net income

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
Acquisition-related charges	2,008	6,831	32,253	9,701
Employee termination and related costs	—	(131)	—	(160)
Facility consolidation, manufacturing and distribution transfer and system integration charges	232	328	1,035	1,106
Charges associated with discontinued or withdrawn product lines	—	550	1,207	2,006
Charges related to restructuring our European legal entities	—	—	—	335
Charges related to litigation matters or disputes	437	—	437	138
Intangible asset impairments	—	—	—	1,014
Incremental audit, legal and/or bank fees related to the delayed closing of financial statements	—	1,389	1,041	1,389
Charges recorded in connection with terminating defined benefit pension plans	372	—	372	—
Charge related to grant of restricted stock units in connection with extension of the term of the CEO's employment agreement	—	—	18,356	—
Income tax expense (benefit) related to above adjustments	(1,136)	(1,504)	(21,515)	(4,612)
Quarterly adjustment to income tax expense related to the cumulative impact of changes in estimated tax rates and certain infrequently occurring items (1)	(1,284)	2,756	1,838	1,996
Income tax expenses or (gains) related to restructuring our European subsidiaries	(9,962)	—	(9,962)	709

(1) For 2008, the \$1,284 increase and \$1,838 reduction to income tax expense were made to reflect what the income tax expense would have been based upon a 30% effective income tax rate for the year. For 2007, the above \$2,756 and \$1,996 reductions to income tax expense were made to reflect what the income tax expense would have been based upon a 37.7% effective income tax rate for the year. The adjusted effective income tax rate is the effective income tax rate that would have been reported after excluding certain infrequently occurring items from the reported tax rate.

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

(In thousands, except per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2008	2007	2008	2007
GAAP net income	\$ 24,845	\$ 5,383	\$ 34,933	\$ 33,471
Non-GAAP adjustments:				
Acquisition-related charges (a)	2,008	6,831	32,253	9,701
Employee termination and related costs (b)	—	(131)	—	(160)
Charges associated with discontinued or withdrawn product lines (c)	—	550	1,207	2,006
Charges related to restructuring our European legal entities (d)	—	—	—	335
Facility consolidation, manufacturing and distribution transfer and system integration charges(e)	232	328	1,035	1,106
Charges related to litigation matters or disputes (f)	437	—	437	138
Intangible asset impairments (g)	—	—	—	1,014
Incremental audit, legal and/or bank fees related to the delayed closing of financial statements (h)	—	1,389	1,041	1,389
Charges recorded in connection with terminating defined benefit pension plans (i)	372	—	372	—
Charge related to grant of restricted stock units in connection with extension of the term of the CEO's employment agreement(j)	—	—	18,356	—
Income tax expense (benefit) related to above adjustments	(1,136)	(1,504)	(21,515)	(4,612)
Quarterly adjustment to income tax expense related to the cumulative impact of the changes in estimated tax rates and certain infrequently occurring items	(1,284)	2,756	1,838	1,996
Income tax expenses or gains related to restructuring our European subsidiaries (k)	(9,962)	—	(9,962)	709
Total of non-GAAP adjustments	(9,333)	10,219	25,062	13,622
Adjusted net income	\$ 15,512	\$ 15,602	\$ 59,995	\$ 47,093
Weighted average common shares outstanding for diluted net income per share	29,142	28,842	28,703	29,578
Adjusted diluted net income per share	\$ 0.53	\$ 0.54	\$ 2.09	\$ 1.59

(a) Q4 2008 — \$2,008 recorded in cost of product revenues;  
Q4 2007 — \$2,042 recorded in cost of product revenues, \$4,600 recorded in research and development. \$189 recorded in selling general and administrative.  
FY 2008 — \$6,667 recorded in cost of product revenues, \$25,240 recorded in research and development. \$346 recorded in selling general and administrative;  
FY 2007 — \$4,238 recorded in cost of product revenues, \$4,600 recorded in research and development. \$189 recorded in selling general and administrative, \$674 recorded in amortization of intangibles.

- (b) Q4 2007 — \$ 18 recorded in selling general and administrative, Negative \$149 recorded in cost of product revenues.  
FY 2007 — \$6 recorded in cost of product revenues, Negative \$166 recorded in selling general and administrative.
- (c) Q4 2007 — all recorded in cost of product revenues.  
FY 2008 — all recorded in cost of product revenues.  
FY 2007 — \$1,656 recorded in cost of product revenues, \$350 recorded in total revenues.
- (d) FY 2007 — all recorded in selling general and administrative.
- (e) Q4 2008 — all recorded in cost of product revenues.  
Q4 2007 — \$21 recorded in selling general and administrative, \$307 recorded in cost of product revenues.  
FY 2008 — \$905 recorded in cost of product revenues, \$130 recorded in selling general and administrative.  
FY 2007 — \$765 recorded in cost of product revenues, \$341 recorded in selling general and administrative.
- (f) All recorded in selling general and administrative.
- (g) FY 2007 — \$848 recorded in cost of product revenues, \$166 recorded in amortization of intangibles.
- (h) All recorded in selling general and administrative.
- (i) All recorded in selling general and administrative.
- (j) All recorded in selling general and administrative.
- (k) All recorded in income tax expense.

Condensed Balance Sheet Data (in thousands):

	December 31, 2008	December 31, 2007
Cash and marketable securities, including non-current portion	\$ 183,546	\$ 57,339
Accounts receivable, net	112,417	105,539
Inventory, net	146,103	144,535
Bank line of credit	260,000	—
Convertible securities, current	—	119,962
Convertible securities, non-current	330,000	330,000
Stockholders' equity	350,206	260,429

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

(In thousands, except per share amounts)	Projected Year Ended 31-Dec-09	
	Low	High
GAAP net income	\$ 55,700	\$ 61,700
Non-GAAP adjustments:		
Acquisition-related charges	4,500	4,500
Facility consolidation, manufacturing and distribution transfer, and system integration charges	800	800
Non-cash interest expense related to the application of FSP APB 14-1	11,500	11,500
Income tax expense (benefit) related to above adjustments	(6,600)	(6,600)
Total of non-GAAP adjustments	10,200	10,200
Adjusted net income	\$ 65,900	\$ 71,900
Weighted average common shares outstanding for diluted net income per share	29,900	29,900
GAAP diluted net income per share	\$ 1.86	\$ 2.06
Non-GAAP adjustments detailed above (per share)	\$ 0.34	\$ 0.34
Adjusted diluted net income per share	\$ 2.20	\$ 2.40

IART-F

Source: *Integra LifeSciences Holdings Corporation*