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, 2016

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, 2016, Integra LifeSciences Holdings Corporation (the "Company") issued a press release announcing financial results for the quarter and year ended December 31, 2015 (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 from continuing operations to organic revenues for the quarter and year ended December 31, 2015 and, GAAP net income from continuing operations to adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA") for the quarters and years ended December 31, 2015 and 2014, GAAP net income (loss) to adjusted net income for the quarters and years ended December 31, 2015 and 2014, GAAP diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding for the quarters and years ended December 31, 2015 and 2014, GAAP earnings per diluted share to adjusted earnings per diluted share for the quarters and years ended December 31, 2015 and 2014, and GAAP operating cash flow from continuing operations to free cash flow and adjusted free cash flow conversion used by management for the quarters and years ended December 31, 2015 and 2014 as well as GAAP net income from continuing operations 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, 2016. 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 organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion. Organic revenues consist of total revenues excluding the effects of currency exchange rates, acquired revenues, and product discontinuances. The various measures of adjusted EBITDA consist of GAAP net income from continuing operations, excluding: (i) depreciation and amortization, (ii) other income (expense), (iii) interest income and expense, (iv) income taxes, and (v) those operating expenses also excluded from adjusted net income. The measure of adjusted net income consists of GAAP net income (loss), excluding: (i) manufacturing facility remediation costs; (ii) global enterprise resource planning ("ERP") implementation charges; (iii) structural optimization charges; (iv) post-spin SeaSpine separation-related charges; (v) certain employee severance charges; (vi) discontinued product line charges; (vii) acquisition-related charges; (viii) impairment charges; (ix) intangible asset amortizations expenses; (x) convertible debt non-cash interest; and (xi) income tax impact from adjustments and other items. The measure of adjusted diluted weighted average shares outstanding is calculated by adding the economic benefit of the convertible note hedge and warrant transactions relating to Integra's 2016 convertible notes. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by operating activities less purchases of property and equipment. The adjusted free cash flow conversion measure is calculated by dividing free cash flow by adjusted net income.

The Company believes that the presentation of organic revenues and the various adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion 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 organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion 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, provides a supplemental measure of our operating results that facilitates comparability of our financial condition and 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.

Organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion 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 organic revenues that we report reflects total revenues for the quarter and year ended December 31, 2015 adjusted for the effects of currency exchange rates, acquired revenues, and product discontinuations 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, Australian and Canadian dollars, Japanese yen and Chinese yuan. 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. Additionally, significant acquisitions and discontinued product lines can distort our current period revenues when compared to prior periods.

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. Global ERP 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.

- Structural optimization charges. These charges, which include employee severance 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 severance charges. Certain employee severance 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 line 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 (i) 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, (ii) inventory fair value purchase accounting adjustments, (iii) changes in the fair value of contingent consideration after the acquisition date, and (iv) 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.

- Post-spin SeaSpine separation-related charges. These charges include legal expenses and adjustments to stock based compensation incurred as part of the spin-off.

- Impairment charges. The impairment charges category includes impairment charges recorded against various intangible assets such as completed or core technology, customer relationships, trade names, 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 trade names, the inability to incorporate existing product technologies into product development programs, and other circumstances. Impairment charges may also include goodwill impairments which exist when the carrying value of a reporting unit's goodwill exceeds its implied value. 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 non-convertible 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.

Organic revenues, adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion 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 from continuing operations to organic revenues for the quarter and year ended December 31, 2015 and GAAP net income to adjusted EBITDA, GAAP net income to adjusted net income, GAAP diluted weighted average shares outstanding to adjusted diluted weighted average shares outstanding, GAAP earnings per diluted share to adjusted earnings per diluted share, and GAAP operating cash flow to free cash flow and adjusted free cash flow conversion used by management for the quarters and years ended December 31, 2015 and 2014. 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, 2016 by the Company.

Item 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(d) Exhibits

99.1 Press release with attachments, dated February 25, 2016, 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

Date: February 25, 2016	By:	/s/ Glenn G. Coleman
		Glenn G. Coleman
	Title:	Corporate Vice President and Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release with attachments, dated February 25, 2016, issued by Integra LifeSciences Holdings Corporation

EXHIBIT 99.1

News Release

Contact:

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Integra LifeSciences Reports Fourth Quarter and Full Year 2015 Financial Results and Issues 2016 Full Year Guidance

Fourth Quarter Revenues Increased 10.1% to $241.2 Million
Fourth Quarter Adjusted EPS of $0.87; Reported EPS of $0.39
Full Year Organic Revenues Increased 6.7%

Plainsboro, New Jersey, February 25, 2016 - Integra LifeSciences Holdings Corporation (NASDAQ: IART) today reported its financial results for the fourth quarter and full year ending December 31, 2015.

Highlights:

- Fourth quarter revenue increased 10.1% over the prior year quarter to $241.2 million;
- Organic revenues increased 3.9% in the fourth quarter and 6.7% for the full year;
- Adjusted net income increased 7.2% over the prior year quarter to $32.8 million;
- Full year 2015 cash flow from operations was $106.7 million, an increase of $47.8 million over the prior year, with adjusted free cash flow conversion of 67.5% compared to 22.3% in 2014; and,
- 2016 full year guidance includes organic growth of approximately 7% and double digit adjusted EPS growth.

Total revenues for the fourth quarter were $241.2 million, representing an increase of $22.1 million, or 10.1%, over the fourth quarter of 2014. Total revenues for the full year 2015 were $882.7 million an increase of $86.0 million, or 10.8%, over the full year 2014.

Organic revenues, computed by adjusting GAAP revenues as set forth in the attached reconciliation, increased over 2014 by 3.9% in the fourth quarter, and 6.7% for the full year.

"Strong growth in our regenerative portfolios drove full year organic sales growth of 6.7%, at the high end of our guidance range," said Peter Arduini, Integra's President and Chief Executive Officer. "These results helped drive gross margin improvement of 140 basis points to 67.5% for the full year. We are pleased with our 2015 results and are enthusiastic about our prospects for 2016."

The Company reported GAAP net income of $15.0 million, or $0.39 per diluted share, for the fourth quarter of 2015 compared to GAAP net income of $20.4 million, or $0.62 per diluted share, for the fourth quarter of 2014. The decrease in GAAP net income was largely due to higher acquisition related costs and intangible asset amortization. The Company reported GAAP net income of $6.9 million, or $0.19 per diluted share, for the full year 2015 compared to GAAP net income of $36.3 million, or $1.10 per diluted share in 2014. The decrease in GAAP net income was largely due to a valuation allowance for certain deferred tax assets associated with the SeaSpine separation as well as the items mentioned above.

Adjusted measures discussed below are computed with the adjustments to GAAP reporting set forth in the attached reconciliation.

Adjusted EBITDA for the fourth quarter of 2015 was $56.7 million, or 23.5% of revenue, an increase from $55.1 million, or 25.2% of revenue, in the fourth quarter of the prior year. Adjusted EBITDA for the full year 2015 was $195.6 million, or 22.2% of revenue, an increase from $172.2 million, or 21.6% of revenue, in the prior year.

Adjusted net income for the fourth quarter of 2015 was $32.8 million, or $0.87 per diluted share, compared to adjusted net income of $30.6 million, or $0.92 per diluted share, in the fourth quarter of 2014. Adjusted net income for the full year 2015 was $108.6 million, or $3.08 per diluted share, compared to $91.9 million, or $2.79 per diluted share in 2014.

Integra generated $25.4 million of cash flows from operations and invested $13.1 million in capital expenditures in the fourth quarter of 2015. For the year ended December 31, 2015, cash flows from operations totaled $106.7 million and cash invested in capital expenditures was $33.4 million. Adjusted free cash flow conversion for the trailing twelve months ended December 31, 2015 was 67.5% versus 22.3% for the twelve months ended December 31, 2014.

"We have a number of new product introductions that are expected to be launched in 2016, including our new entry into the diabetic foot ulcer market and the U.S. total ankle replacement market," said Mr. Arduini. "We will continue to make investments in research and development and commercial capabilities that will drive growth in 2016 and beyond."

Outlook for 2016

The Company expects full year 2016 revenues to be between $975 million and $1.0 billion, and organic sales growth to be approximately 7%. The Company expects its GAAP earnings per diluted share for the full year to be between $1.70 and $1.85, and adjusted earnings per diluted share to be between $3.35 and $3.50.

"Strong organic growth and an improved product mix drove margin expansion, cash flow and earnings growth for 2015," said Glenn Coleman, Chief Financial Officer. "Our 2016 guidance for double-digit sales growth, strong earnings growth, as well as improvements in gross margin and free cash flow keep us on a path to achieve our long-term growth and profitability targets."

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 expect 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 organic revenue growth, adjusted EBITDA and adjusted earnings per share for historical periods and in providing adjusted earnings per share guidance.

Conference Call and Presentation Available Online

Integra has scheduled a conference call for 4:30 PM ET today, Thursday, February 25, 2016 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.

Integra's management team will reference a presentation during the conference call, which can be found on the Investor section of the website at investor.integralife.com.

Access to the live call is available by dialing 785-830-7987 and using the passcode 653467. 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 1, 2016 by dialing 719-457-0820 and using the passcode 653467**.** The webcast will also be archived on the website.

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Integra LifeSciences, a world leader in medical technology, is dedicated to limiting uncertainty for caregivers, so they can concentrate on providing the best patient care. Integra offers innovative solutions, including regenerative technologies in specialty surgical solutions and orthopedics and tissue technologies. 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 following: 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 or maintain reimbursement for the Company's recently launched, planned and existing 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 hospitals; 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 Company’s ability to achieve anticipated growth rates, margins and scale and execute its strategy generally; 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, 2014 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 organic revenues, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted net income and adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding, free cash flow and adjusted free cash flow conversion.
Organic revenues consist of growth in total revenues excluding the contribution of acquired products, and 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, and (v) those operating expenses also excluded from adjusted net income. 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) post-spin SeaSpine separation-related charges (v) certain employee severance charges; (vi) discontinued product lines charges; (vii) acquisition-related charges; (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 measure of adjusted diluted weighted average shares outstanding is calculated by adding the economic benefit of the convertible note hedge and warrant transactions relating to Integra's 2016 convertible notes. The adjusted earnings per diluted share measure is calculated by dividing adjusted net income attributable to diluted shares by diluted weighted average shares outstanding. The measure of free cash flow consists of GAAP net cash provided by operating activities less purchases of property and equipment. The adjusted free cash flow conversion measure is calculated by dividing free cash flow by adjusted net income.

Reconciliations of GAAP revenues to organic revenues for the quarter and year ended December 31, 2015 and GAAP net (loss)/income to adjusted EBITDA and adjusted net income, GAAP (losses)/earnings per diluted share to adjusted earnings per diluted share, and GAAP cash provided by operating activities to free cash flow and adjusted free cash flow conversion for the quarters and years ended December 31, 2015 and 2014 appear in the financial tables in this release.

The Company believes that the presentation of organic revenues and the various adjusted EBITDA, adjusted net income, adjusted earnings per diluted share, adjusted diluted weighted average shares outstanding,
free cash flow and adjusted free cash flow conversion 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,	
	2015	2014	2015	2014
Total revenues	$ 241,160	$ 219,074	$ 882,734	$ 796,717
Costs and expenses:				
Cost of goods sold	90,001	85,024	326,542	302,946
Research and development	13,866	10,010	50,895	43,559
Selling, general and administrative	109,750	92,488	415,757	375,545
Intangible asset amortization	3,535	1,971	9,953	6,810
Goodwill impairment charge	—	—		
Total costs and expenses	217,152	189,493	803,147	728,860
Operating income	24,008	29,581	79,587	67,857
Interest income	12	23	13	168
Interest expense	(6,113)	(5,527)	(23,517)	(21,967)
Other income (expense), net	1,604	(695)	4,588	(492)
Income from continuing operations before income taxes	19,511	23,382	60,671	45,566
Income tax expense	4,531	2,977	53,820	9,271
Income from continuing operations	14,980	20,405	6,851	36,295
Income (loss) from discontinued operations, net of tax expense (benefit)	—	(3,239)	(10,370)	(2,291)
Net income (loss)	$ 14,980	$ 17,166	$ (3,519)	$ 34,004
Net income (loss) per share:				
Income from continuing operations	$ 0.39	$ 0.62	$ 0.19	$ 1.10
Income (loss) from discontinued operations	$ —	$ (0.10)	$ (0.29)	$ (0.07)
Net income (loss) per share	$ 0.39	$ 0.52	$ (0.10)	$ 1.03
Weighted average common shares outstanding for diluted net income per share	38,185	33,157	35,677	32,960

Segment revenues* and growth in total revenues excluding the effects of currency exchange rates, acquisitions and discontinued products are as follows:

(In thousands)

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2015	2014	Change	2015	2014	Change
Specialty Surgical Solutions	$153,082	$152,662	0.3%	$586,918	$554,872	5.8%
Orthopedics and Tissue Technologies	88,079	66,412	32.6%	295,816	241,845	22.3%
Total Revenues	$241,160	$219,074	10.1%	$882,734	$796,717	10.8%
Impact of changes in currency exchange rates	$ 4,556	$—		$ 22,181	$—	
Less contribution of revenues from acquisitions **	$(21,032)	$—		$(60,509)	$—	
Less contribution of revenues from discontinued products	$(2,199)	$(4,938)		$(13,338)	$(17,793)	
Total organic revenues	$222,485	$214,136	3.9%	$831,068	$778,924	6.7%

* The prior five business segment structure was realigned into three global segments effective with the first quarter 2015, one of which, Spine, has since been spun-off.

** Acquisitions include DuraSeal (full year 2015 only), MicroFrance, Metasurg, TEI, Salto Talaris(R) / Futura(TM) Silastic and Tekmed.

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

(In thousands)

Three Months Ended December 31, 2015

Item	Total Amount	COGS(a)	SG&A(b)	R&D(c)	Amort.(d)	Other, Interest Exp(Inc)(e)	Tax(f)
Global ERP implementation charges	$4,484	$—	$4,484	$—	$—	$—	$—
Structural optimization charges	3,283	1,426	1,277	580	—	—	—
Certain employee severance charges	534	158	376	—	—	—	—
Acquisition-related charges	4,535	4,761	885	—	—	(1,111)	—
Post-spin SeaSpine separation-related charges	445	—	445	—	—	—	—
Intangible asset amortization expense	10,704	7,169	—	—	3,535	—	—
Convertible debt non-cash interest	2,043	—	—	—	—	2,043	—
Estimated income tax impact from adjustments and other items*	(8,249)	—	—	—	—	—	(8,249)
Depreciation expense	7,564						

* Includes a valuation allowance of $1.6 million for certain deferred tax assets associated with the SeaSpine separation.

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) Other, Interest Inc (Exp) - Other, interest income (expense), net
f) Tax - Income tax expense

Three Months Ended December 31, 2014

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	R&D (c)	Amort. (d)	Interest Exp/(Inc) (e)	Tax (f)
Manufacturing facility remediation costs	$511	$511	$—	$—	$—	$—	$—
Global ERP implementation charges	5,186	—	5,186	—	—	—	—
Structural optimization charges	4,513	4,125	388	—	—	—	—
Certain employee severance charges	865	518	347	—	—	—	—
Discontinued product line charges	92	92	—				
Acquisition-related charges	1,867	161	1,706	—	—	—	—
Impairment charges	190	190	—		—	—	—
Intangible asset amortization expense	5,907	3,936	—	—	1,971	—	—
Convertible debt non-cash interest	1,853	—	—	—	—	1,853	—
Estimated income tax impact from adjustments and other items	(10,824)	—	—	—	—	—	(10,824)
Depreciation expense	6,425						

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

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

(In thousands)

Twelve Months Ended December 31, 2015

Item	Total Amount	COGS(a)	SG&A(b)	R&D (c)	Amort.(d)	Other, Interest Exp(Inc) (e)	Tax(f)
Global ERP implementation charges	$16,375	$—	$16,375	$—	$—	$—	$—
Structural optimization charges	16,752	6,799	9,751	580	—	(378)	—
Certain employee severance charges	2,642	654	1,988	—	—	—	—
Acquisition-related charges	15,703	9,968	6,846	—	—	(1,111)	—
Post-Spin SeaSpine separation-related charges	3,801	—	3,801	—	—	—	—
Intangible asset amortization expense	32,235	22,282	—	—	9,953	—	—
Convertible debt non-cash interest	7,871	—	—	—	—	7,871	—
Estimated income tax impact from adjustments and other items *	6,393	—	—	—	—	—	6,393
Depreciation expense	27,018	—	—	—	—	—	—

* Includes a valuation allowance of $37.2 million for certain deferred tax assets associated with the SeaSpine separation.

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) Other, Interest Inc (Exp) - Other, Interest income (expense), net
f) Tax - Income tax expense

Twelve Months Ended December 31, 2014

(In thousands)

Item	Total Amount	COGS (a)	SG&A (b)	R&D (c)	Amort. (d)	Interest Exp(Inc) (e)	Tax (f)
Manufacturing facility remediation costs	$1,416	$1,354	$62	$—	$—	$—	$—
Global ERP implementation charges	23,063	—	23,063	—	—	—	—
Structural optimization charges	13,716	11,595	2,121	—	—	—	—
Certain employee severance charges	9,094	1,561	7,533	—	—	—	—
Acquisition-related charges	9,182	1,102	7,580	500	—	—	—
Discontinued product line charges	692	692	—	—	—	—	—
Impairment charges	790	790	—	—	—	—	—
Intangible asset amortization expense*	22,731	15,921	—	—	6,810	—	—
Convertible debt non-cash interest	7,140	—	—	—	—	7,140	—
Estimated income tax impact from adjustments and other items	(32,222)	—	—	—	—	—	(32,222)
Depreciation expense	23,666	—	—	—	—	—	—

* For the period ending December 31, 2014, "Intangible asset amortization expense" excludes $790 already included in the "Impairment 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

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET INCOME FROM CONTINUING OPERATIONS TO ADJUSTED EBITDA
(UNAUDITED)

(In thousands)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
GAAP net income from continuing operations	$ 14,980	$ 20,405	$ 6,851	$ 36,295
Non-GAAP adjustments:				
Depreciation and intangible asset amortization expense	18,268	12,332	59,253	46,397
Other (income) expense, net	(1,604)	695	(4,588)	492
Interest (income) expense, net	6,101	5,504	23,504	21,799
Income tax expense (benefit)	4,531	2,977	53,820	9,271
Manufacturing facility remediation costs	—	511	—	1,416
Global ERP implementation charges	4,484	5,186	16,375	23,063
Structural optimization charges *	3,283	4,513	17,171	13,716
Certain employee severance charges	534	865	2,642	9,094
Discontinued product lines charges	—	92	—	692
Acquisition-related charges **	5,646	1,867	16,773	9,182
Post-spin SeaSpine separation-related charges	445	—	3,801	—
Impairment charges	—	190	—	790
Total of non-GAAP adjustments	41,688	34,732	188,751	135,912
Adjusted EBITDA	$ 56,668	$ 55,137	$ 195,602	$ 172,207

* For the twelve months ended December 31, 2015, Structural optimization charges excludes ($378) already added back in the "Other (income) expense, net" line above.

** For the three and twelve months ended December 31, 2015, Acquisition-related charges excludes ($1,111) already added back in the "Other (income) expense, net" line above.

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP NET INCOME FROM CONTINUING OPERATIONS 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,	
	2015	2014	2015	2014
GAAP net income from continuing operations	$ 14,980	$ 20,405	$ 6,851	$ 36,295
Non-GAAP adjustments:				
Manufacturing facility remediation costs	—	511	—	1,416
Global ERP implementation charges	4,484	5,186	16,375	23,063
Structural optimization charges	3,283	4,513	16,752	13,716
Certain employee severance charges	534	865	2,642	9,094
Discontinued product lines charges	—	92	—	692
Acquisition-related charges	4,535	1,867	15,703	9,182
Post-spin SeaSpine separation-related charges	445	—	3,801	—
Intangible asset amortization expense	10,704	5,907	32,235	22,731
Impairment charges	—	190	—	790
Convertible debt non-cash interest	2,043	1,853	7,871	7,140
Estimated income tax impact from adjustments and other items	(8,249)	(10,824)	6,393	(32,222)
Total of non-GAAP adjustments	17,779	10,160	101,772	55,602
Adjusted net income	$ 32,759	$ 30,565	$ 108,623	$ 91,897
Adjusted diluted net income per share	$ 0.87	$ 0.92	$ 3.08	$ 2.79
Weighted average common shares outstanding for diluted net income from continuing operations per share	38,185	33,157	35,677	32,960
Weighted average common shares outstanding adjustment for convertible dilution	(666)	—	(461)	—
Weighted average common shares outstanding for adjusted diluted net income per share	37,519	33,157	35,216	32,960

INTEGRA LIFESCIENCES HOLDINGS CORPORATION
CONDENSED BALANCE SHEET DATA
(UNAUDITED)

(In thousands)

	December 31, 2015	December 31, 2014
Cash and cash equivalents	$ 48,132	$ 71,734
Accounts receivable, net	132,241	110,414
Inventory, net	211,429	189,133
Bank line of credit	481,875	413,125
Convertible securities	218,720	213,121
Stockholders' equity	751,443	704,322

RECONCILIATION OF NON-GAAP ADJUSTMENTS - GAAP OPERATING CASH FLOW TO MEASURES OF ADJUSTED FREE CASH FLOW AND ADJUSTED FREE CASH FLOW CONVERSION (UNAUDITED)

(In thousands)

	Three Months Ended December 31,	
	2015	2014
GAAP Net cash provided by operating activities	$25,392	$17,899
Purchases of property and equipment	(13,099)	(11,233)
Free Cash Flow	12,293	6,666
Adjusted net income *	32,759	30,565
Adjusted Free Cash Flow Conversion	37.5%	21.8%

	Twelve Months Ending December 31,	
	2015	2014
GAAP Net cash provided by operating activities	$106,692	$58,843
Purchases of property and equipment	(33,413)	(38,340)
Free Cash Flow	73,279	20,503
Adjusted net income *	108,623	91,897
Adjusted Free Cash Flow Conversion	67.5%	22.3%

* Adjusted net income for quarters and twelve months ended December 31, 2014 and 2015 are reconciled above.

The Company calculates adjusted free cash flow conversion by dividing its free cash flow by adjusted net income. The Company believes this measure is a useful metric in evaluating the significance of the cash special charges in its adjusted earnings measures.

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

(In thousands, except per share amounts)

	Projected Year Ended December 31, 2016	
	Low	High
GAAP net income	$ 65,200	$ 70,900
Non-GAAP adjustments:		
Global ERP implementation charges	10,000	10,000
Structural optimization charges	18,500	18,500
Acquisition-related charges	16,500	16,500
Intangible asset amortization expense	42,100	42,100
Convertible debt non-cash interest	8,200	8,200
Estimated income tax impact from adjustments and other items	(35,000)	(35,000)
Total of non-GAAP adjustments	60,300	60,300
Adjusted net income	$ 125,500	$ 131,200
GAAP diluted net income per share	$ 1.70	$ 1.85
Non-GAAP adjustments detailed above (per share)	$ 1.65	$ 1.65
Adjusted diluted net income per share	$ 3.35	$ 3.50
Weighted average common shares outstanding for diluted net income per share	38,400	38,400
Weighted average common shares outstanding adjustment for convertible dilution	900	900
Weighted average common shares outstanding for adjusted diluted net income per share	37,500	37,500

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, 2016

Item	Total Amount	COGS	SG&A	Amort.	Interest Exp(Inc)	Tax
Global ERP implementation charges	10,000	—	10,000	—	—	—
Structural optimization charges	18,500	9,500	9,000	—	—	—
Acquisition-related charges	16,500	13,000	3,500	—	—	—
Intangible asset amortization expense	42,100	27,600	—	14,500	—	—
Convertible debt non-cash interest	8,200	—	—	—	8,200	—
Estimated income tax impact from adjustments and other items	(35,000)	—	—	—	—	(35,000)

Source: Integra LifeSciences Holdings Corporation